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VIA FEDERAL EXPRESS

February 28, 2002

Richard J. Grossi
Chairman
New York Independent System Operator
3890 Carman Road
Schenectady, NY 12303

c/o William J. Museler
President and Chief Executive Officer
New York Independent System Operator
3890 Carman Road
Schenectady, NY 12303

Re: Correction of Motions in Opposition by Niagara Mohawk and New York State Electric and Gas and Rochester Gas and Electric to Consolidated Edison and Long Island Power Authority Appeals of the NYISO Management Committee's Approval of the "Congestion Reduction Proposal"

Dear Chairman Grossi:

The New York Power Authority respectfully submits three copies of its Correction of Motions in Opposition by Niagara Mohawk and New York State Electric and Gas and Rochester Gas and Electric to Consolidated Edison and Long Island Power Authority Appeals of the NYISO Management Committee's approval of the "Congestion Reduction Proposal."

A copy of this statement has been electronically transmitted to Ms. Kristen Kranz for service on the members of the Management Committee.

Sincerely,
/s/

Edgar K. Byham
Principal Attorney

cc: Ms. Kristen Kranz

Correction of Motions in Opposition by Niagara Mohawk Power Corporation and New York State Electric & Gas and Rochester Gas And Electric to Consolidated Edison and Long Island Power Authority Appeals of the NYISO Management Committee's Approval of the "Congestion Reduction Proposal"

The New York Power Authority submits these comments to correct factual errors in the filings of Niagara Mohawk Power Corporation (NIMO) and New York State Electric & Gas and Rochester Gas And Electric (NYSEG) with respect to the Congestion Reduction Proposal (CRP), which is being challenged by Consolidated Edison and Long Island Power Authority (LIPA).

The NIMO and NYSEG filings leave the impression that LIPA is the owner of the Y-49 cable connecting Westchester and Nassau counties. In fact, NYPA is the owner of Y-49.

This incorrect premise leads to a presumption made in both filings that under the CRP LIPA receives the counter-flow Transmission Congestion Contract charges when Y49 is out of service. Instead, under the CRP, NYPA, as the owner of Y49, would receive this counter-flow TCC charge.

Under a contractual arrangement which predated the start-up of the ISO, LIPA pays NYPA for service across Y49 and LIPA is the primary TCC holder and because of that agreement for Y49 capability. Under the CRP approved by the Management Committee, NYPA will be assigned counter-flow TCC charges for a Y49 outage despite the fact that LIPA will receive congestion payments as the TCC holder.

Therefore NIMO's statement that "CRP proposes only to restore LIPA and Con Edison to the situation in which they found themselves prior to the formation of the NYISO" is not accurate.

Finally NYPA takes strong exception to NIMO's statement that "The result of this perverse incentive is clear for all to see in the poor availability of LIPA's Y-49 cable since the NYISO's current congestion management system was placed into effect." First, NYPA, not LIPA, maintains Y-49. Second the so-called poor availability of Y-49 was not due to any "perverse incentive" of the current system but apparently relates to a single incident – the failure of one of the two 345/115KV transformers at the East Garden City substation. The so-called "poor performance" is belied by the overall record of the Y-49 cable that has had high availability since it was placed into service. NYPA's maintenance practices are to the highest standards and we are disappointed by NIMO's misrepresentation of the facts in making their arguments to the Board.

In deliberating the merits of the various filings we urge the Board to take into account these facts with respect to the ownership and maintenance of the Y49 facility.