

(202) 986-8297

June 17, 1999

Hon. David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

Re: ~~Docket Nos. ER97-1523-003, OA97-470-004 and~~
ER97-4234-002 (not consolidated)

Dear Secretary Boergers:

Pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §385.602(b)(2)(ii) (1998), the Member Systems of the New York Power Pool submit the attached Joint Stipulation and Agreement on MEUA Grandfathering Issues ("Joint Stipulation and Agreement") and request that it be transmitted to the Commission for approval. An Explanatory Statement also is submitted by the Member Systems. Enclosed for filing are an original and 14 copies of the Joint Stipulation and Agreement and Explanatory Statement.

Copies of this letter and all enclosures are being served on all persons required to be served pursuant to Rule 602(d). 18 C.F.R. §385.602(d). As required by Rule 602(d)(2), notice is hereby provided to those persons that initial comments on this Joint Stipulation and Agreement are due on or before July 7, 1999, and reply comments are due on or before July 17, 1999.

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Additional sets of copies of the enclosed documents are provided to be stamped and returned to our messenger.

Respectfully Submitted,

Paul L. Gioia
Andrea J. Chambers
LeBoeuf, Lamb, Greene
& MacRae, L.L.P.
1875 Connecticut Avenue, N.W.
Suite 1200
Washington, D.C. 20009-5728

Counsel to the Member Systems
of the New York Power Pool

Enclosures

cc: The Honorable Lawrence Brenner
Official Service List

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Central Hudson Gas & Electric Corporation)	
Consolidated Edison Company of New York, Inc.)	
LIPA)	
New York State Electric & Gas Corporation)	
Niagara Mohawk Power Corporation)	Docket Nos. ER97-1523-003
Orange and Rockland Utilities, Inc.)	OA97-470-004 and
Rochester Gas and Electric Corporation)	ER97-4234-002
)	
Power Authority of the State of New York)	

EXPLANATORY STATEMENT

I. INTRODUCTION

This Explanatory Statement is submitted by the Member Systems of the New York Power Pool (“Member Systems”),¹ in accordance with Rule 602(c)(1)(ii), 18 C.F.R. § 385.602(c)(1)(ii), of the Commission’s Rules of Practice and Procedure, in support of a Joint Stipulation and Agreement (“Settlement”) entered into, by, and among Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., LIPA, New York State Electric & Gas Corporation, New York Power Authority, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas & Electric Corporation, the Municipal Electric Utilities Association of New York State (“MEUA”) and each of its Members (“MEUA” or the “MEUA Members”) (each, a “Signatory” or “Supporter”) in the above-captioned, unconsolidated dockets addressing the MEUA grandfathering

¹ Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., LIPA, New York Power Authority, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

issues in the Member Systems' Comprehensive Proposal to Restructure the New York Wholesale Electric Market.²

In its January 27, 1999 Order, the Commission set for hearing, pending settlement negotiations, the issue of MEUA's services under the individual Member Systems' Open Access Transmission Tariffs ("OATTs") with respect to the implementation of the ISO.³ Following the Commission's directives set forth in its January 27th Order and, in particular, Ordering Paragraphs (R) through (T), the signatories commenced extensive negotiations in a good faith effort to resolve the MEUA services' issues.

The settlement negotiations among the parties were facilitated by the Presiding Administrative Law Judge, the Honorable Lawrence Brenner of the Federal Energy Regulatory Commission. This Settlement is the product of those negotiations. The Commission has recognized that voluntary settlements are "beneficial to the orderly and expeditious conduct" of business and has granted "substantial deference to consensual resolutions that are consistent with the Commission's responsibilities."⁴ The Commission also has recognized the benefits of encouraging settlements to resolve issues without resorting to protracted litigation.⁵

The Signatories request that the Commission recognize that each element of the Settlement is an integral component of a comprehensive agreement that represents a balance of interests among the

² In the case of a conflict between the language in the Explanatory Statement and the accompanying Joint Stipulation and Settlement, the language in the Joint Stipulation and Settlement controls.

³ See Central Hudson Gas & Electric Corp., et al., 86 FERC ¶ 61,062 at 61,240 (1999)("January 27th Order") .

⁴ Northern Wasco County People's Utility District, 60 FERC ¶ 61,087, at 61,280-81 (1992).

⁵ Texas Gas Transmission Corporation, 28 FERC ¶ 61,372 (1984).

Signatories. If accepted by the Commission, this Settlement would serve as a complete settlement of the MEUA issues in the above-captioned proceedings.

II. TERMS OF THE SETTLEMENT

According to the Member Systems' December 19, 1997 proposal, service for MEUA Members requested under the individual company-specific OATTs would not be grandfathered to the extent such service was requested after the Supplemental Filing to the Comprehensive Proposal to Restructure the Wholesale Electric Market in New York was submitted on December 19, 1997. Between the date of the December 19, 1997 filing and the issuance of the Order on January 27, 1999, certain MEUA Members requested service under the individual Member Systems' OATTs. The Settlement addresses a dispute raised by MEUA that Member Systems' OATT transmission services for MEUA Members would have qualified for grandfathering, but for the fact such service was requested after December 19, 1997. In its January 27th Order, the Commission set this single MEUA issue for clarification before a settlement judge. The Commission further expressed its view that the:

the grandfathering provisions of the Member Systems' proposal [were] an acceptable method to recognize long-term firm commitments in existence on the date the ISO commences operations. Between the date that the Member Systems made this proposal and the date it becomes effective, their obligation to grant requests for service under their individual tariffs was undisturbed and, therefore, we would expect that any service agreements under those tariffs would be existing commitments.⁶

A. REVISED ATTACHMENT L

As a result of the negotiations, the Member Systems have agreed to list the MEUA Members OATT Service Agreements which superseded, in whole or in part, Existing Transmission Wheeling Agreements listed in Attachment H of the ISO Tariff, as filed on December 19, 1997, as "Third Party

⁶ 86 FERC at 61,218-19.

TWAs," listed in Attachment L of the ISO OATT, as filed as part of the Member Systems' Compliance Filing on April 30, 1999. Following Commission approval of this Settlement, the Member Systems agree to file an amendment to the ISO OATT to reflect the revised Attachment L, attached hereto as Appendix 1.

Pursuant to the Settlement, the MEUA Members OATT Service Agreements now designated as Third Party TWAs ("MEUA TWAs") may retain the existing firm transmission rights subject to conversion of such rights to Grandfathered Transmission Congestion Contracts ("TCCs") thirty days prior to ISO start-up and may either purchase or sell power in the LBMP Market under the ISO OATT or execute Bilateral Transactions and obtain transmission service under the ISO OATT subject to the provisions in Attachment K. Alternatively, the MEUA TWAs may terminate the existing transmission service agreements, if permitted under those agreements, and either purchase or sell power in the LBMP Market under the ISO OATT or execute Bilateral Transactions and obtain transmission service under the ISO OATT. Separate arrangements apply to the transmission arrangements governing delivery of NYPA power over the transmission systems of LIPA and Consolidated Edison to the three MEUA Members located on Long Island, as specified in the Settlement Agreement.

Specific termination issues with respect to the individual Member Systems are addressed in the Settlement. Upon termination or expiration of any MEUA TWA listed in Appendix 1, any associated Grandfathered Rights or Grandfathered TCCs also are terminated; thereafter, the MEUA Member would take transmission service under the ISO OATT and pay all applicable charges thereunder.

Within thirty days prior to ISO start-up, without regard to which election made, the MEUA Members may utilize transmission capacity up to the amounts in Appendix 1 without regard to a Transmission Service Charge under the ISO OATT. MEUA Members electing Grandfathered Rights

may, subject to certain conditions, be exempt from payment of the Transmission Usage Charge. With respect to either Grandfathered Rights or Grandfathered TCCs, the MEUA Members must maintain all Third Party TWAs associated thereto from each associated Point of Injection to the corresponding Point of Withdrawal. Issues related to NYPA's obligations to secure transmission wheeling arrangements also are addressed. As a Third Party TWA customer, each MEUA Member is subject to the same terms and conditions specified in Attachment K of the ISO OATT. Each MEUA Member also must pay all charges under the grandfathered company-specific OATTs for losses not recovered under the ISO Tariff. In addition, MEUA Members receiving grandfathered OATT service must enter into a Service Agreement under the ISO OATT as set forth in the Settlement Agreement. No further Section 205 filing will be required to confer such rights and obligations, except with respect to delineated MEUA Members taking service under pre-existing non-OATT transmission agreements, unless they execute company-specific OATT service by July 21, 1999.

Charges for service provided by NYPA and LIPA may be modified per their independent non-FPA jurisdictional, rate making authority. To the extent a MEUA Member pays an ISO scheduling charge, it will not be required to pay a second individual company OATT scheduling charge to the Member Systems. The Member Systems retain their rights under Section 205 to seek changes to their revenue requirements and the MEUA Members retain their rights under Section 206. The Settlement Agreement will be deemed to be modified to conform with modifications of the ISO OATT.

B. ATTACHMENT L-1

The MEUA Members also are granted a one-time right to reserve additional firm Point-to-Point Transmission Service from individually-identified Member Systems, which right must be exercised no later than July 21, 1999. Such additional firm Point-to-Point Transmission Service may be reserved

and provided up to the stated amounts, so long as there is ATC, as reflected in Attachment L-1 as attached in Appendix 3. The applicable rate is the grandfathered company-specific OATT, unless changed by Commission action. Amounts above those reflected in revised Attachment L and L-1 must be taken and paid for in accordance with the ISO Tariff. The additional MWs listed in Attachment L-1 are subject to Available Transmission Capacity and must be set forth in a Service Agreement. Payment must begin at the time the request is made and the ATC is confirmed. Delivery is not guaranteed and firm contracts for intervening wheels between the MEUA Member's generation and load must be in place in order to qualify for such service.

III. CONCLUSION

The Settlement is considered by the Signatories to be a comprehensive whole, and their support of the Settlement is conditioned on the Commission's approval of all of its terms as agreed to by the Signatories.

The Settlement Agreement represents a collaborative resolution of the MEUA Member grandfathering issues raised by the Commission in its January 27, 1999 Order. Equally important, it represents a negotiated consensus between the MEUA Members and the Member Systems in order to facilitate a prompt Settlement Agreement.

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Central Hudson Gas & Electric Corporation)	
Consolidated Edison Company of New York, Inc.)	
Long Island Lighting Company)	
New York State Electric & Gas Corporation)	
Niagara Mohawk Power Corporation)	Docket Nos. ER97-1523-003
Orange and Rockland Utilities, Inc.)	OA97-470-004 and
Rochester Gas and Electric Corporation)	ER97-4234-002
Power Authority of the State of New York)	(not consolidated)
)	
New York Power Pool)	

JOINT STIPULATION AND AGREEMENT

Central Hudson Gas & Electric Corporation ("Central Hudson"), Consolidated Edison Company of New York, Inc. ("Con Edison"), LIPA, New York State Electric & Gas Corporation ("NYSEG"), Niagara Mohawk Power Corporation ("Niagara Mohawk"), Orange and Rockland Utilities, Inc. ("O&R"), Power Authority of the State of New York ("NYPA"), and Rochester Gas and Electric Corporation ("RG&E") (collectively, the "Member Systems") and the Municipal Electric Utilities Association of New York State and each of its Members ("MEUA" or the "MEUA Members")¹ (the Member Systems and the MEUA Members are jointly referred to as the "Parties"), in accordance with Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (1998), hereby agree on a settlement of the issues raised in Ordering Paragraphs (R) and (T) of the "Order Conditionally Accepting Tariff and Market

¹ MEUA represents forty-six in-state municipal electric utilities.

Rules, Approving Market-Based Rates, and Establishing Hearing and Settlement Judge Procedures,” Central Hudson Gas & Electric Corp., et al., 86 FERC ¶ 61,062 (1999) (“January 27 Order”), concerning the Independent System Operator (“ISO”) proposal submitted by the Member Systems and state as follows:²

I. Terms and Conditions

This settlement will constitute a complete settlement of all issues designated for Settlement Judge procedures, and as referenced in Ordering Paragraphs (R) and (T), of the Commission’s January 27, 1999 Order.

The settlement between the Parties will not create any precedent with respect to the treatment of any other issue or any other participants under the ISO Tariff and is without prejudice to the Parties’ rights to seek rehearing of issues related to the ISO proposal, other than issues settled herein.

The Member Systems agree to list the MEUA Member Open Access Transmission Tariff agreements (“OATT Service Agreements”) which superseded, in whole or in part, Existing Transmission Wheeling Agreements listed in Attachment H of the ISO Tariff, as filed on December 19, 1997, as "Third Party TWAs," which is now contained in Attachment L of the ISO OATT, as filed as part of the Member Systems' Compliance Filing in this docket dated April 30, 1999. The revised Attachment L is set forth in Appendix 1 to this Settlement Agreement (Hereinafter "Appendix 1"). Upon Commission approval of this settlement, the Member Systems agree to file an amendment to the ISO OATT to reflect the revised Attachment L as shown in Appendix 1 and the new Attachment L-1

² Prior Attachment H tables embodied in the December 19, 1997 Supplemental Filing have been replaced with Attachment L tables in the April 30, 1999 Compliance Filing. In the Compliance Filing, Attachment K contains substantially the same grandfathering provisions, which were formerly included in Attachment G to the December 19, 1997 filing.

(Hereinafter "Appendix 3") which contains adjustments to the load or demand listed in Attachment L for the line items reflecting the Third Party TWAs that were partially superseded by OATT Service Agreements, and the removal of the line items for those Existing Transmission Wheeling Agreements listed in Attachment L which were completely superseded by the OATT Service Agreements.

Each Existing Transmission Wheeling Agreement with a MEUA Member ("MEUA TWA"), including the OATT Service Agreements, all of which are listed in Appendix 1, where the "treatment" column is denoted as "Third Party TWA," will remain in effect in accordance with its terms and conditions, including provisions governing modification or termination, except that the MEUA TWA customer may:

- (i) retain the existing firm transmission rights ("Grandfathered Rights" i.e. which the Member Systems interpret as firm service) subject to the provisions below;
- (ii) convert the firm transmission rights to Grandfathered TCCs 30 days prior to ISO start-up (such ISO start-up date to be announced in sufficient time to allow conversion), and (a) purchase or sell power in the LBMP Market pursuant to the ISO OATT and/or (b) execute Bilateral Transactions for Capacity (as defined in the ISO Tariff), Energy (as defined in the ISO Tariff), and/or Ancillary Services (as defined in the ISO Tariff), and obtain Transmission Service subject to the rates, terms, and conditions of the ISO OATT except as explicitly noted in Attachment K to the ISO OATT filed on April 30, 1999, as set forth in Appendix 2 to this Agreement;³ or
- (iii) terminate the existing transmission service agreement (if the terms and conditions allow for termination) and (a) purchase or sell power in the LBMP Market pursuant to the ISO OATT and/or (b) execute Bilateral Transactions for Capacity, Energy, and/or Ancillary Services, and obtain Transmission Service subject to the rates, terms, and conditions of the ISO OATT.

With respect to (iii) above, NYSEG, Niagara Mohawk and RG&E specifically agree that MEUA Members currently taking OATT transmission service may terminate the OATT Service Agreements at their unilateral option on 60 days notice, provided that said termination takes effect no

³ Hereinafter referred to as "Appendix 2."

later than one year⁴ after ISO-start-up, i.e., 365 days after the commencement of the Day-Ahead Market (as defined in the ISO OATT), and/or Real-Time Market (as defined in the ISO OATT).⁵ With respect to (i) and (ii), Con Edison, LIPA, NYPA and MEUA agree that they will not seek to terminate the OATT Service Agreements or TWA Agreements with respect to transmission service to the Long Island Members unilaterally. LIPA's agreement with MEUA is subject to the completion of the necessary amendments to the NYPA-LIPA TWA Agreement for service to the Long Island Members by July 21, 1999. Termination or expiration of any MEUA Third Party TWA listed in Appendix 1 will result in the loss of any Grandfathered Rights or Grandfathered TCCs associated with such agreements. If such agreements are terminated or upon expiration, the MEUA Member will take transmission service under the ISO OATT, and will pay all charges, including, without limitation, the applicable Transmission Service Charge ("TSC") under the ISO OATT.

Each MEUA Member, whether it elects Grandfathered Rights or Grandfathered TCCs, within the 30 day window prior to ISO start-up, shall have the right to utilize the transmission capacity up to the amounts designated in Appendix 1 without application of a TSC. MEUA Members electing Grandfathered Rights will be exempt from having to pay the Congestion Component of the Transmission Usage Charge ("TUC") for the specific point of injection and withdrawal and up to the amounts designated in Appendix 1 to the extent that the MEUA Member duly schedules its transaction(s) and is on schedule. As long as a MEUA Member retains Grandfathered Rights or Grandfathered TCCs, it must maintain all Third Party TWAs associated with the Grandfathered TCCs

⁴ The only exception is that an additional year is provided for with respect to Niagara Mohawk consistent with the settlement agreement and service agreements previously entered into in Niagara Mohawk's OATT proceeding.

⁵ The NYPA transmission agreements with the MEUA Members have a 90 day notice of termination provision. NYPA shall allow the MEUA Members to terminate the transmission portion only of the firm power sales contracts between NYPA and its municipal and cooperative customers.

or Grandfathered Rights from each associated Point of Injection of the Generator or the New York Control Area ("NYCA") Interconnection with another Control Area to the corresponding Point of Withdrawal of the Load served by the TWA or at the NYCA Interconnection with another Control Area.

For the Third Party TWAs listed in Appendix 1 each MEUA Member listed in each such Agreement shall be deemed to be the Third Party TWA customer for purposes of this settlement. The MEUA Members may elect Grandfathered Rights or Grandfathered TCCs in the amounts specified and between Points of Injection and Points of Withdrawal specified in Appendix 1. Those Grandfathered Rights or TCCs become the Grandfathered Rights or TCCs of the MEUA Member. Whichever option is selected by the MEUA Member, it thereby waives all rights under the Federal Power Act associated with NYPA's obligations to secure transmission wheeling arrangements on its behalf associated with the TWA rights' elections. If any MEUA Member fails to make this election, NYPA shall have the right to make the election for that municipal or cooperative.

As a Third Party TWA customer, each MEUA Member shall be subject to the same terms or conditions specified in Attachment K of the ISO OATT (see Appendix 2 to this Agreement) that apply to the other Third Party TWA customers, including without limitation: (1) the obligation to pay transmission service charges as specified in Section 4.3; (2) the obligation to purchase Ancillary Services as specified in Section 5.0;⁶ (3) the obligation to pay for marginal losses;⁷ (4) if applicable, the right to receive, or obligation to pay, Congestion Rents, as specified in Section 4.3; and (5) the

⁶ In the event that Ancillary Services or Marginal Losses rates were to change as a result of Commission action under Sections 205 or 206, nothing in the settlement would preclude an adjustment in the rates charged to the MEUA members for Ancillary Services or Marginal Losses.

⁷ In the event that Ancillary Services or Marginal Losses rates were to change as a result of Commission action under Sections 205 or 206, nothing in the settlement would preclude an adjustment in the rates charged to the MEUA members for Ancillary Services or Marginal Losses.

obligation to comply with scheduling requirements, as specified in Section 3.1. Each MEUA Member shall also pay all charges under the grandfathered company-specific OATTs for losses to the extent not recovered under the ISO Tariff. MEUA indicates that each MEUA Member receiving grandfathered OATT service under this Settlement Agreement will enter into a Service Agreement under the ISO OATT pursuant to which it shall assume all the rights and obligations listed in items (1) through (5) above. Upon acceptance or approval of this Settlement Agreement, no further Section 205 filing shall be required to modify the grandfathered OATT agreements with the MEUA Members to confer these rights and obligations on the MEUA Members. However, a Section 205 filing shall be required to authorize the Member Systems or the ISO to collect charges for Ancillary Services and marginal losses under the ISO Tariff for any of the MEUA Members listed below which are taking service under pre-existing non-OATT transmission agreements.⁸ Any of these MEUA Members which commence company-specific OATT service on or before July 21, 1999 shall be bound by, and entitled to the rights and obligations applicable to other MEUA Members that are grandfathering OATT services under this Settlement Agreement. Charges for service provided by NYPA and LIPA, which are non-jurisdictional, may be modified according to the procedures of those authorities. Nothing in this Settlement Agreement affects the rights of any municipality so served to protest any modifications.

The Member Systems clarify that, to the extent a MEUA Member pays an ISO scheduling charge, it will not be required to pay a second individual company OATT scheduling charge to the Member Systems. The foregoing is without prejudice to the Member Systems' rights under Section 205 to seek changes in their revenue requirements, nor do the MEUA Members waive their rights under Section 206.

⁸ For Niagara Mohawk they are Bergen, Fairport, Lake Placid, Mayville, Sherrill, Solway, Tupper Lake and Westfield; for NYSEG they are Marathon, Penn Yan and Watkins Glen.

To the extent that Attachment K or any other provision of the ISO OATT is modified after this Settlement Agreement is executed, the provisions of this Settlement Agreement shall be deemed to be modified to conform with any such modifications to Attachment K or any other provisions of the ISO OATT.

In addition to grandfathered OATT Transmission Services, additional firm Point-to-Point Transmission Service may be reserved and provided to the applicable MEUA Members as stated in the amounts, and between the points, listed in Attachment L-1, subject to the following terms and conditions:

1. This is a one-time right to increase the megawatts ("MWs") of transmission capacity which must be exercised by the MEUA Member no later than July 21, 1999, the cut-off date proposed in the April 30th compliance filing for new OATT service.
2. Each MEUA Member shall take and pay for Transmission Service pursuant to the provisions of the applicable grandfathered company-specific OATT unless changed through a Section 205 filing for the amounts set forth in Attachment L. The MEUA Members that have a reservation reflected in Attachment L-1 shall take and pay for the additional firm Point-to-Point Transmission Service pursuant to the provisions of the applicable grandfathered company-specific OATT unless changed through a Section 205 filing for the additional amounts reserved in Attachment L-1. For any and all transmission services above the levels set forth in Attachment L and Attachment L-1, the MEUA Member shall take and pay for such services in accordance with the provisions of the ISO Tariff.
3. The additional MWs set forth in Attachment L-1 are subject to Available Transmission Capacity ("ATC") at the time of the request, which must be received by the Transmission Provider on or before July 21, 1999, and must be reserved through the Transmission Provider's OASIS. The term of the additional firm Point-to-Point Transmission Service will be set forth in a Service Agreement entered into by the parties pursuant to the individual grandfathered company-specific OATT on or before July 21, 1999.
4. The rates and charges for Network Transmission Service and firm Point-to-Point Transmission Service will be based on each grandfathered company-specific OATT, as modified in this Settlement Agreement, unless changed through a Section 205 filing. The current monthly firm Point-to-Point Transmission Service rates are set forth in Attachment L-1.

5. Because the additional MWs represent a reservation of capacity on the system for the applicable MEUA Members, payment must begin at the time the request is made and the ATC is confirmed.
6. All Point-to-Point reservations reflected in Attachment L-1 represent MWs reserved and do not represent thermal ratings. The network billing demand will not exceed the amounts reflected in Attachment L.
7. This settlement reflects transmission to the point of withdrawal specified in Attachment L and does not guarantee delivery to the MEUA Member, such service is dependent upon the ability of the transmission system to provide the delivery without construction of facilities or increased costs.
8. In the cases where the injection point is external to the NYCA, and a proxy bus is designated, e.g., OH and there is an intervening wheel, e.g., NYPA to RG&E, the MEUA Member must demonstrate that it has a firm contract for the intervening wheel. The grandfathered rights and/or grandfathered TCCs will be for a duration which matches the shortest term of the existing firm transmission agreements. For example, if the term of the wheel over NYPA is August 1999 to December 1999, then the grandfathered rights and/or grandfathered TCCs will match the term of the wheel, unless the firm transmission service from NYPA to RG&E is for a shorter duration.

Pursuant to this Settlement Agreement, the Member Systems are allowing MEUA Members the option to terminate specific OATT Service Agreements with NYSEG, Niagara Mohawk and RG&E prior to the termination provisions which would otherwise apply under these agreements.

In consideration for providing the MEUA Members with the rights specified on page 3 of this Settlement Agreement, which the Member Systems are not allowing themselves under Attachment K,⁹ the MEUA Members agree that all of their concerns with respect to the provision of network and point-to-point service provided under the existing Third Party TWAs (i.e., existing transmission service agreements and OATT network operating and service agreements), which were set for Settlement Judge proceedings under Ordering Paragraphs (R) and (T) of the Commission's January 27, 1999

⁹ Pursuant to Attachment K (see Appendix 2), the Member Systems remain bound by their existing contracts in Attachment L (see Appendix 1) and cannot terminate such contracts except as allowed by the terms of the contract.

Order, have been resolved. Moreover, the Parties agree to make and support all filings with the Commission to give effect to the terms of this settlement.

III. General Reservations

This Settlement Agreement represents a negotiated settlement in the public interest with respect to the matters addressed in this Settlement Agreement for the sole purpose of the settlement of such matters agreed to herein. No Parties shall be prejudiced or bound hereby in any proceeding except as specifically provided herein. Additionally, the Parties shall not be deemed to have approved, accepted, agreed or consented to any concept, theory, or principle underlying or supposed to underlie any of the matters provided by herein or to be prejudiced thereby in any future proceeding.

The resolution of any matter in this Settlement Agreement shall not be deemed to be “settled practice” as that term was interpreted and applied in Public Service Commission of the State of New York v. FERC, 642 F.2d 1335 (D.C. Cir. 1980), and shall not be the basis for any decision with regard to the burden of proof in any litigation with regard to any such matter.

Commission acceptance of this Settlement Agreement shall constitute the requisite waiver of any and all otherwise applicable Commission regulations to permit the implementation of the provisions of this Settlement Agreement.

This Settlement Agreement constitutes the full and complete agreement of the Parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings, and agreements, whether written or oral, between the Parties with respect to the subject matter thereof.

This Settlement Agreement shall be fully binding upon the Parties and any and all of their successors and assigns. This Settlement Agreement shall be enforceable at the Commission or at any court of competent jurisdiction.