

Infrastructure Master Plan: Project and Financing Update

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Budget & Priorities Working Group

July 15, 2010

Project Background

- ◆ In October 2009, NYISO Market Participants approved a proposal to proceed with a series of necessary improvements to the NYISO facilities.
- ◆ The NYISO reached terms with a consortium of banks to borrow up to \$50M for the necessary improvements. The terms of the financing would moderate the impact on rates by spreading the payments out over 20 years.
- ◆ In December 2009, the NYISO filed a petition with the NYS PSC for approval to close on the financing agreement.
- ◆ The NYISO has engaged an architect and construction management firm to produce the necessary construction drawings and procure the municipal approvals required to meet the loan terms. Additionally, certain construction activities have been started in order to meet the approved schedule.
- ◆ The NYS PSC has not acted on the NYISO financing petition; the loan commitment expired on June 30, 2010.

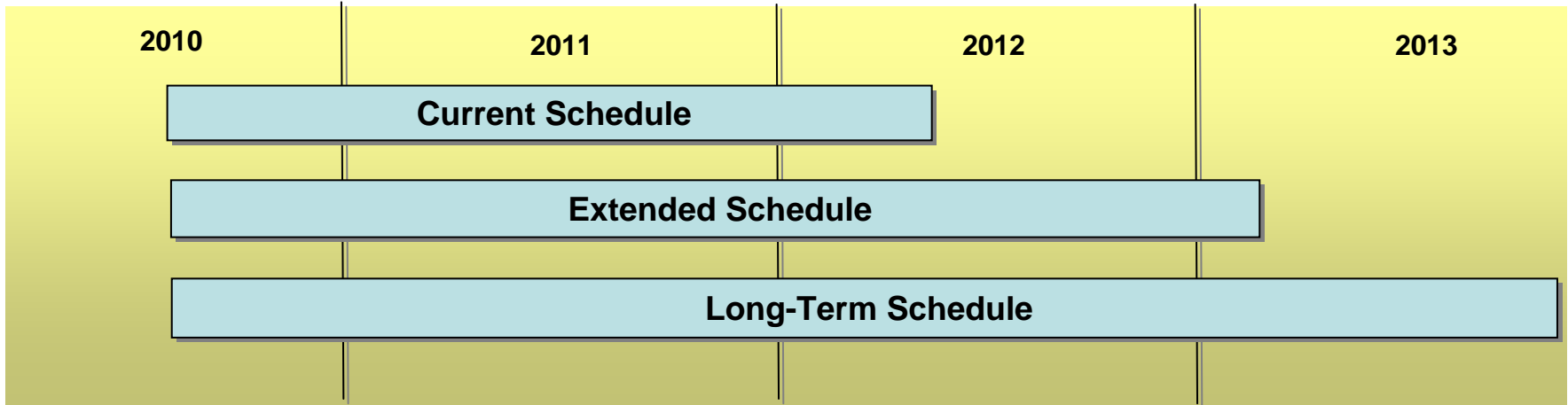
Current Project Status

- ◆ Local municipal approvals obtained; revisions required
- ◆ Carman Road asbestos abatement complete; reconstruction nearly complete
- ◆ Replacement emergency generators for Carman Road have been purchased
- ◆ Design activities for both Carman Road and Krey Blvd. have passed the schematic design milestone
 - *Recent project budget exercises indicate project is on track with proposed project budget*
 - *Design activities for Krey Blvd. have been temporarily suspended*

Scope / Schedule Impacts

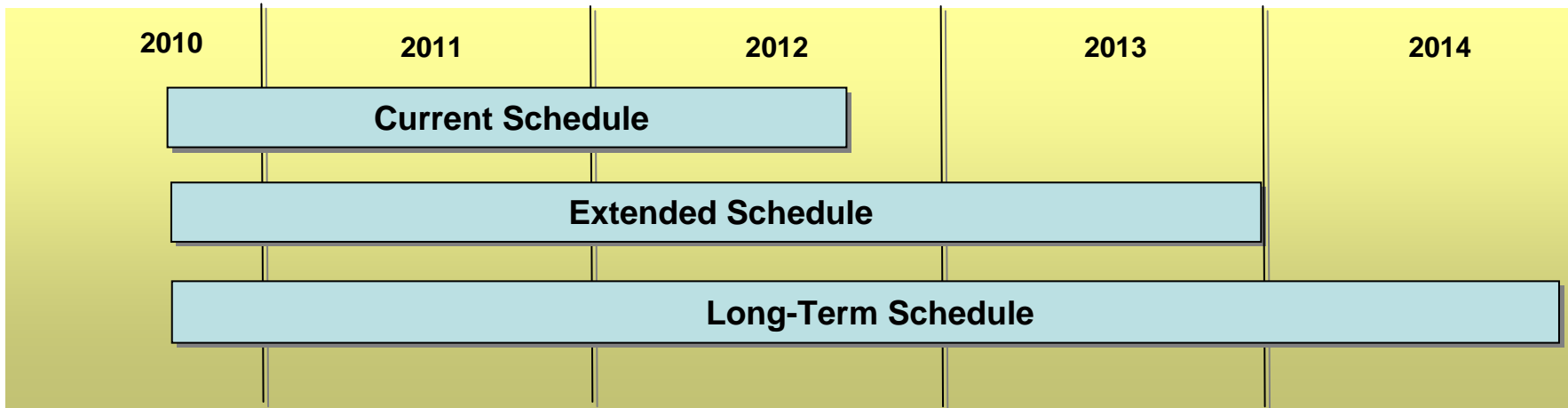
- ◆ Portions of the proposed project are necessary to maintain reliability of the existing facilities
- ◆ Design activities are proceeding for Carman Road reliability requirements
 - *Emergency generator implementation*
 - *Data center replacement*
- ◆ Certain project options exist that would moderate impact on rates, but mitigation of reliability risks will drive ultimate schedule
- ◆ Segmenting Carman Road and Krey Blvd. portions of the project will create project inefficiencies that will result in overall higher costs than the original estimates
- ◆ Introducing delays into the project phases will provide options, but will lead to increased costs for each portion of the project, and represent risks for a longer period of time

Carman Road Options



	2010	2011	2012	2013
Current Schedule - \$12.5M				
Est. Future Costs	\$1.1M	\$10.9M	\$0.5M	
Extended Schedule - \$15.8M				
Est. Future Costs	\$1.1M	\$3.8M	\$9.0M	\$1.9M
Long-Term Schedule - \$16.7M				
Est. Future Costs	\$1.1M	\$4.6M	\$6.5M	\$4.5M

Krey Blvd. Options



	2010	2011	2012	2013	2013
Current Schedule - \$34.8M					
Est. Future Costs	\$0.5M	\$18.2M	\$16.1M		
Extended Schedule - \$37.8M					
Est. Future Costs	\$0.5M	\$8.8M	\$16.2M	\$12.3M	
Long-Term Schedule - \$38.7M					
Est. Future Costs	\$0.5M	\$8.8M	\$13.4M	\$11.6M	\$4.4M

Project Next Steps

- ◆ Continuation of design and project planning activities for Carman Road facility improvements required for reliability
- ◆ Further development of options and alternatives for financing the project, including the impact on Rate Schedule 1
- ◆ More detailed analysis and continued development of efficiencies to be realized through the implementation of a larger, integrated project
- ◆ Continued development of risks and benefits to support the justification of the recommended project
- ◆ Continued discussions with Market Participants through upcoming budget sessions to determine impact on current and future budgets