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April 26, 2002

FILE NO: 55430.000044

By Hand

The Honorable Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, DC 20426

**New York Independent System Operator, Inc.
Compliance Filing in Docket No. ER01-2967-000**

Dear Ms. Salas:

Pursuant to Ordering Paragraph B of the Commission's October 26, 2001, Order in the above-captioned proceeding ("October 26 Order"),¹ the New York Independent System Operator, Inc. ("NYISO"), by counsel, respectfully submits this compliance filing and revisions to Attachment S of its Open Access Transmission Tariff ("OATT"), which sets out rules to allocate responsibility for the cost of new interconnection facilities.

Unless otherwise defined, capitalized terms in this filing letter shall have the meaning set forth in the OATT as amended by the revisions submitted herewith.

I. List of Documents Submitted

The NYISO submits the following documents:

1. This filing letter;
2. Clean revised tariff sheets depicting the changes to OATT Attachment S proposed by the NYISO to comply with the Commission's October 26 Order (filing Attachment I);

¹ *New York Independent System Operator, Inc.*, 97 FERC ¶ 61,118 (2001).

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3. Blackline revised tariff sheets depicting the changes to OATT Attachment S proposed by the NYISO to comply with the Commission's October 26 Order (filing Attachment II); and
4. A form of Notice suitable for publication in the *Federal Register* (filing Attachment III).

II. Copies of Correspondence

Copies of correspondence concerning this filing should be served on:

Robert Fernandez, General Counsel and Secretary
Belinda Thornton, Director of Regulatory Affairs
Mollie Lampi, Assistant General Counsel
Elizabeth Grisaru, Senior Attorney
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² The NYISO respectfully requests a waiver of 18 C.F.R. § 385.203(b)(3) to permit service on these counsel for the NYISO in both Washington, D.C. and Richmond, Virginia.

III. Proposed Effective Date

The NYISO proposes to make this filing effective as of September 26, 2001, the effective date granted in the Commission's October 26 Order in the above-captioned proceeding.

IV. Service List

The NYISO has mailed a copy of this compliance filing to all persons that have filed interconnection applications or executed Service Agreements under the NYISO Open Access Transmission Tariff, to the New York State Public Service Commission, and to the electric utility regulatory agencies in New Jersey and Pennsylvania. The NYISO has also mailed a copy to each person designated on the official service list maintained by the Commission in Docket No. ER01-2967-000.

V. Description of Proposed Revisions to OATT Attachment S

In the section of its October 26 Order headed "Other Concerns", the Commission noted the concern of certain Transmission Owner intervenors that the cost allocation rules offer no clear direction to entities developing small interconnection projects, *i.e.*, those with a rating of 10 MW or less, since the rules are written to cover projects larger than 10 MW. The Commission directed the NYISO to address this issue with a compliance filing within six months of the October 26 Order.

The NYISO has revised OATT Attachment S to provide clear direction to developers of interconnection projects with a rating of 10 MW or less. The revised tariff sheet filed herewith confirms that the NYISO interconnection study procedures and cost allocation rules cover projects larger than 10 MW proposing to interconnect to the transmission system at 115 kilovolts or above. The interconnection study procedures and cost allocation rules exclude projects with a rating of 10 MW or less, based on the rebuttable presumption that the interconnection of such a small project to the transmission system at 115 kilovolts or above, if it is proposed at all, will pose no reliability issues for the NYISO.

As spelled out in the revised tariff sheet, the developer of a small project need only notify the NYISO, and then coordinate the interconnection with the interconnecting Transmission Owner, which will also notify the NYISO of the proposed interconnection. If, on the basis of information it receives from the interconnecting Transmission Owner or any other

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person, the NYISO determines that a small project may in fact pose reliability issues for the NYISO, then the NYISO interconnection study procedures and cost allocation rules will apply to that project, just as if the project had a rating of greater than 10 MW. The NYISO believes that this approach is fair, balanced and logical, and that the proposed tariff revision provides clear direction to the developers of small projects.

VI. No Costs Relating to Discriminatory Employment Practices

The NYISO has no expenses or costs that have been alleged or judged to be illegal, duplicate or unnecessary costs that are demonstrably the product of discriminatory employment practices.

VII. Federal Register Notice

A form of *Federal Register* Notice is provided as Attachment III hereto. A diskette of the Notice is also provided in WordPerfect format.

VIII. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept for filing the revised interconnection cost allocation rules submitted in this compliance filing as revised Attachment S to the Open Access Transmission Tariff.

Respectfully submitted,

Arnold H. Quint
Counsel for
New York Independent System Operator, Inc.

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cc: Daniel L. Larcamp, Director Office of Markets, Tariffs and Rates, Room 8A-01,
Tel. (202) 208-2088
Alice M. Fernandez, Director Office of Markets, Tariffs and Rates -- East Division,
Room 71-31, Tel. (202) 208-0089
Andrea C. Wolfman, Lead Counsel for Market Oversight and Enforcement,
Room 9E-01, Tel. (202) 208-2097
Michael A. Bardee, Lead Counsel for Markets, Tariffs and Rates, Room 101-09,
Tel. (202) 208-2068
Stanley P. Wolf, Office of the General Counsel, Room 101-03,
Tel. (202) 208-0891

Attachment I

Attachment II

Attachment III

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

New York Independent System Operator, Inc.) Docket No. ER01-2967-000

NOTICE OF FILING

Take notice that on April 26, 2002, the New York System Operator, Inc. (“NYISO”) filed revisions to Attachment S of its Open Access Transmission Tariff, which contains rules to allocate responsibility for the cost of new interconnection facilities, pursuant to the Commission’s Order issued on October 26, 2001, in the above-captioned proceeding. The NYISO has requested an effective date of September 26, 2001, for the compliance filing, the effective date granted in the Commission’s Order issued on October 26, 2001, in the above-captioned proceeding.

The NYISO has mailed a copy of this compliance filing to all persons that have filed interconnection applications or executed Service Agreements under the NYISO Open Access Transmission Tariff, to the New York State Public Service Commission, and to the electric utility regulatory agencies in New Jersey and Pennsylvania. The NYISO has also mailed a copy to each person designated on the official service list maintained by the Commission for the above-captioned proceeding.

Any person desiring to be heard or to protest this filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission’s Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests should be filed on or before _____. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this compliance filing are on file with the Commission and are available for public inspection in the Commission’s Public Reference Room. This filing may also be viewed on the Internet at <http://www.ferc.fed.us/online/rims.htm>

Magalie R. Salas
Secretary

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person that has filed interconnection applications or executed Service Agreements under the NYISO Open Access Transmission Tariff, to the New York State Public Service Commission, and to the electric utility regulatory agencies in New Jersey and Pennsylvania and also served a copy on each person designated on the official service list compiled by the Secretary in Docket No. ER01-2967-000, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 2010 (2001).

Dated at Washington, D.C., this 26th day of April 2002.

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