

NYISO 2009 BUDGET OVERVIEW

Prepared for:

Budget & Priorities Working Group

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BUDGET SUMMARY INFORMATION

Highlights

- 3.3% increase in Rate Schedule 1 charge/MWH (\$0.813 for 2009 vs. \$0.787 for 2008)
- NYISO's Rate Schedule 1 revenue requirement, amount of debt outstanding and number of full-time equivalent employees remain among the lowest of all ISOs/RTOs
- Major drivers of 2009 increase totaling \$5.4M are outside NYISO's control (*\$1.1M FERC Fees increase, \$0.8M reduction in interest income, ~\$2.0M for various Planning initiatives, and ~\$1.5M NERC CIP requirements*)
- Excluding those non-controllable items, NYISO's 2009 Rate Schedule 1 charge would have been \$0.783/MWH, a reduction from 2008
- 15% increase in capital/consultancy funding for Projects (\$13.3M for 2009 vs. \$11.6M for 2008)
- To offset certain cost increases, NYISO has achieved a variety of efficiencies within approximately the past year – see details on next slide

Efficiencies Achieved

RECENT EFFICIENCIES:

- Virtualization – By 12/31/08, NYISO will have saved ~\$12.5M in avoided costs for additional servers and associated maintenance.
- Headcount Reductions – FTE positions were eliminated in Customer Settlements and other groups to reflect efficiencies gained via recent automation efforts.
- Greater Productivity – Process automation in Customer Relations, Customer Settlements, Market Monitoring, Auxiliary Market Operations, TCC Market Operations, and others will allow for better utilization of staff resources on more value-added efforts.
- IT Maintenance Savings – Aggressive vendor negotiations on hardware and software maintenance renewals with ~20 vendors has resulted in savings of ~\$2.3M.
- Price Validation – The automation of the price validation function migrates this function to internal staff as well as provides annual consultancy savings of ~\$0.8M.
- Insurance Savings – Net savings of \$0.4M are expected for 2009 due to continuous negotiations with insurance broker/carriers.
- Lean Six Sigma – Over 70 process improvement projects have been completed that have decreased errors, improved performance, reduced cycle time, etc. Examples include those related to the settlements process, price corrections, software development and deployment, customer responsiveness, planning and others. Two high profile market-facing projects improved the response time of the NYISO website and improved the timeliness of billing associated with thunderstorm alerts.
- Energy Efficiencies – NYISO hedged utility costs for the PCC and KCC facilities to limit exposure to rising electricity prices and implemented an energy efficiency project at the PCC.

Main 2009 Priorities

Compliance & System Planning:

- Achieve/maintain compliance with FERC/NERC/ERO/CIP/CEII standards
- Support new initiatives in System Planning, including NYS Energy Planning Board, implementation of economic planning, transmission upgrades and expansion solutions
- Support Smart Grid/Smart Metering solutions and develop technology assessment

Market Design Enhancements:

- Finalize design of forward capacity market and initiate development of supporting software
- Implement high-priority market enhancement features, including critical recommendations from independent market advisor's "State of the Market" report
- Expand Demand Response program and implement tools to facilitate management and participation in existing program
- Institute software and expanded rules to encourage market entry for wind and new technologies
- Implement improved market monitoring and analysis tools to better detect market anomalies (e.g. loopflow)

IT Infrastructure / Project Continuations:

- Continue process to replace the Settlements System architecture
- Continue phased implementation of a new automated credit management system
- Implement software and processes to support a shorter settlements cycle
- Continue process to replace Market Information System architecture
- Continue technology infrastructure initiatives to optimize and consolidate computer platforms allowing reduction of required footprint and associated costs (Virtualization and Oracle upgrades)
- Upgrade all Market Operations and EMS software to HP Unix and achieve significant performance gains while replacing aging and currently obsolete hardware
- Continue TCC and UCAP automation / enhancement initiatives
- Continue automation efforts for manual billing processes
- Continue to realize improved performance from Lean Six Sigma and process/control enhancements

Summary Budget



<i>(in millions, excluding RS#1/MWH charges)</i>	2004 Budget	2005 Budget	2006 Budget	2007 Budget	2008 Budget	2009 Draft
RS#1 Rev. Requirement – in \$\$	\$123.8	\$129.0	\$133.2	\$139.7	\$136.3	\$144.2
Budgeted MWH Hours	<u>161.0</u>	<u>163.7</u>	<u>166.0</u>	<u>170.1</u>	<u>173.2</u>	<u>177.3</u>
RS#1 Rev. Requirement - \$/MWH	\$0.769	\$0.788	\$0.802	\$0.821	\$0.787	\$0.813
Annual % Change in RS#1/MWH	3.4%	2.5%	1.8%	2.4%	(4.1%)	3.3%

Over this six-year period, NYISO's Rate Schedule #1 charge has increased \$0.044/MWH or 5.7%, which equates to less than a 1% annual increase.

Supplemental Information – Allocation by Market Participant Type

Total RS#1 Rev. Requirement - \$/MWH	\$0.769	\$0.788	\$0.802	\$0.821	\$0.787	\$0.813
<i>RS#1 Charge/MWH: Purchasers @ 80% (85% pre-2005)</i>	<i>\$0.654</i>	<i>\$0.630</i>	<i>\$0.642</i>	<i>\$0.657</i>	<i>\$0.630</i>	<i>\$0.650</i>
<i>RS#1 Charge/MWH: Sellers @ 20% (15% pre-2005)</i>	<i>\$0.115</i>	<i>\$0.158</i>	<i>\$0.160</i>	<i>\$0.164</i>	<i>\$0.157</i>	<i>\$0.163</i>

BUDGET DETAIL INFORMATION

Detail Budget by Cost Category

<i>(\$ in millions, except RS#1/MWH)</i>	<u>2004 Budget</u>	<u>2005 Budget</u>	<u>2006 Budget</u>	<u>2007 Budget</u>	<u>2008 Budget</u>	<u>2009 Draft</u>	<u>Details Page Ref.</u>
Capital	\$18.2	\$21.8	\$22.4	\$4.4	\$4.3	\$8.1	<i>Page 10</i>
Salaries & Benefits	43.8	47.4	50.3	50.6	57.6	61.3	<i>Page 11-12</i>
Professional Fees (including Legal)	44.4	29.3	26.6	32.2	34.7	38.1	<i>Pages 13</i>
Building Services	3.5	4.2	4.4	4.0	4.3	5.1	<i>Page 14</i>
Computer Services	5.7	11.5	10.5	13.0	12.5	15.7	<i>Page 15</i>
Insurance	7.7	6.8	4.6	3.7	3.6	3.2	<i>Page 16</i>
Telecommunications	2.9	4.2	5.1	5.0	4.3	4.3	<i>Page 17</i>
Other Expenses (BOD, Travel/Training, NPCC Fees)	5.4	5.3	6.1	5.0	4.0	4.8	<i>Page 18</i>
Current Year Needs (excl. FERC Fees)	\$131.6	\$130.5	\$130.0	\$117.9	\$125.3	\$140.6	
Debt Service	<u>30.2</u>	<u>26.5</u>	<u>31.5</u>	<u>35.4</u>	<u>27.8</u>	<u>23.0</u>	<i>Pages 19-20</i>
Cash Budget	\$161.8	\$157.0	\$161.5	\$153.3	\$153.1	\$163.6	
Less: Miscellaneous Revenues	(1.1)	(1.9)	(2.5)	(2.3)	(3.8)	(3.1)	<i>Page 21</i>
Less: Proceeds from Current Year Budget Debt/Carryovers	(45.4)	(20.4)	(28.0)	(20.0)	(21.7)	(23.3)	<i>Pages 19-20</i>
Less: Proceeds from Mortgage/Renovations Debt	-	(15.9)	(9.0)	-	-	(3.0)	<i>Pages 19-20</i>
Add: Interest on Current Year Budget Debt	0.5	0.5	0.8	0.5	0.4	0.5	<i>Pages 19-20</i>
Add: Principal & Interest on Mortgage/Renovations Debt	-	<u>2.7</u>	<u>0.4</u>	-	-	<u>0.1</u>	<i>Pages 19-20</i>
Net Budget Needs	\$115.8	\$122.0	\$123.2	\$131.5	\$128.0	\$134.8	
FERC Fees	8.0	7.0	9.9	8.2	8.3	9.4	<i>Pages 22-23</i>
Rate Schedule #1 Revenue Requirement in \$\$	\$123.8	\$129.0	\$133.1	\$139.7	\$136.3	\$144.2	
Budgeted MWH Hours (in millions)	161.0	163.7	166.0	170.1	173.2	177.3	
Rate Schedule #1 Revenue Requirement in \$/MWH (budget)	\$0.769	\$0.788	\$0.802	\$0.821	\$0.787	\$0.813	

DRAFT - For Discussion Only

Line Item Details - CAPITAL

<i>(\$ in millions)</i>	<u>2009 Draft</u>	<u>2008 Budget</u>	<u>\$ Change</u>
Facility Improvements	\$4.3	\$2.0	\$2.3
Replacement of Existing Hardware	\$2.3	\$1.4	\$0.9
Software Licenses (capitalized)	<u>\$1.5</u>	<u>\$0.9</u>	<u>\$0.6</u>
Total Capital Costs	\$8.1	\$4.3	\$3.8

Facility Improvements:

A significant renovation is planned for to upgrade aging infrastructure, machinery & equipment for the PCC facility that opened in 1969. This initiative is expected to span 2009-2011 and would add a new data center, upgrade control room facilities, and address seating issues caused by NERC/CIP security requirements. The total project cost is expected to approximate \$21M - \$28M, with \$3M included in the 2009 budget to begin design specifications, etc. NYISO expects to pursue long-term financing for this project, and for budget purposes, has assumed a total cost of \$25M to be financed over 20 years. Additional details will be provided in a separate presentation.

Other capital costs included within the 2009 budget include \$0.8M to obtain telemetry data at the KCC, certain renovations for the KCC conference center, and miscellaneous other minor KCC and PCC improvements.

Replacement of Existing Hardware:

The primary driver of this line item is a \$0.5M increase in the cost of storage to retain NYISO data. Additionally, there is \$0.3M included for hardware associated with 2009 projects as compared to \$0 for 2008 projects.

Additional Software Licenses (Capitalized):

The increase in this line item is exclusively related to \$0.6M of software licenses required for 2009 projects. Comparatively, none of the 2008 projects required acquisition of software licenses.

Line Item Details – SALARIES & BENEFITS

<i>(\$ in millions)</i>	<u>2009 Draft</u>	<u>2008 Budget</u>	<u>\$ Change</u>
Salaries	\$42.1	\$39.6	\$2.5
Benefit Programs	\$9.2	\$8.7	\$0.5
Incentive Bonuses	\$6.7	\$6.3	\$0.4
Payroll Taxes	<u>\$3.3</u>	<u>\$3.0</u>	<u>\$0.3</u>
Total Salaries & Benefits	\$61.3	\$57.6	\$3.7
<u>FTE Headcount:</u>			
The \$3.7M increase in Salaries & Benefits is primarily driven by a higher FTE headcount expected for 2009 than for 2008. To address commitments and high priorities, NYISO plans to add 16 FTE positions during 2009, driving an increase in all cost categories listed above.			
<u>Other Factors:</u>			
<ul style="list-style-type: none"> ➤ 4% average merit increase in employee salaries; ➤ 10% increase in medical benefit costs; ➤ No new employee benefit programs or significant changes to existing programs 			

<u>HEADCOUNT SUMMARY:</u>	
Total Authorized FTE Positions for 2008	447
Add: Positions Added During 2008	7
Less: Eliminated Positions	(5)
Add: Positions for 2009	<u>16</u>
Total Authorized FTE Positions for 2009	465
Less: Assumed Vacancies	<u>(23)</u>
Equals: Total Budgeted FTE Positions	442

Line Item Details – SALARIES & BENEFITS

SUMMARY OF ADDITIONAL FTE POSITIONS:		
<u>Department</u>	<u>Add'l Positions</u>	<u>Basis</u>
Operations	6	Positions required to create an Operations Analysis Group to perform additional analysis of system conditions and market events & coordinate such with Market Monitoring (e.g. recent loopflow issue), to cover NAESB and OASIS Compliance requirements, to address the increased participation in the ICAP demand response program, and to support control center electric power system equipment modeling and testing requirements.
Information Technology	3	Positions required for the Enterprise Security team to ensure compliance with NERC CIP, CEII, and other Cyber Security Compliance requirements.
Market Structures	3	Positions primarily required for the market monitoring unit to perform increased volume of work associated with in-city ICAP mitigation / other efforts and to reduce reliance on consultants.
Planning	2	Positions required to address NERC reliability standards on system protection coordination, grid protection and electric system parameter modeling, to incorporate climate changes and environmental regulations in planning processes, and to support various federal and state planning activities – DOE, NY State Energy Planning Board, EEPS, NYC economic analysis on future resources.
Legal	2	Positions required to address additional workload over the last few years that has been performed by external counsel at significantly higher cost, most notably in the Planning and Compliance areas.
Total	16	

Line Item Details – PROFESSIONAL FEES

<i>(\$ in millions)</i>	<u>2009 Draft</u>	<u>2008 Budget</u>	<u>\$ Change</u>
Product Enhancement Consultants (<i>several vendors</i>)	\$12.4	\$11.6	\$0.8
External Legal Fees	\$8.3	\$7.2	\$1.1
Staff augmentation to support various IT processes	\$2.8	\$2.6	\$0.2
SMD 2.0 Onsite Support and Ranger Enhancements	\$1.7	\$1.5	\$0.2
Market Advisor & related consulting	\$1.4	\$1.2	\$0.2
Security Guards	\$1.2	\$1.0	\$0.2
Market Design, Price Validation assistance & related consulting	\$0.9	\$1.0	(\$0.1)
External Audits and Internal Audit Co-Sourcing	\$0.8	\$1.0	(\$0.2)
Lean Six Sigma Quality Initiative Consultants	\$0.7	\$0.6	\$0.1
Consultants assisting with TCC Auction Support	\$0.6	\$0.5	\$0.1
Other Misc. Professional Fees (all individually < \$500K)	<u>\$7.3</u>	<u>\$6.5</u>	<u>\$0.8</u>
Total	\$38.1	\$34.7	\$3.4

Product Enhancement Consultants: The 2009 budget for consultants to assist with product enhancement initiatives reflects an increase of \$0.7M primarily because there are more initiatives included on the list of planned product enhancements for 2009 than for 2008. Details on intended product enhancements will be provided in a separate presentation.

External Legal Fees: The increase in the 2009 budget reflects the recent trend in legal fees illustrated by the 2007 actuals and 2008 projected actuals. Recent legal activity including volume of FERC filings, strategic tariff review efforts, compliance activities, and other legal support initiatives are driving these increases. The 2009 budget is net of savings expected by adding two internal staff.

Line Item Details – BUILDING SERVICES

<i>(\$ in millions)</i>	<u>2009 Draft</u>	<u>2008 Budget</u>	<u>\$ Change</u>
Total Building Services	\$5.1	\$4.3	\$0.8

Building Services:

NYISO includes membership dues & subscriptions within the Building Services line item. The increase in Building Services from 2008 to 2009 is driven primarily by a higher level of memberships and subscriptions required for 2009 than 2008. Specifically, the following items are increases reflected in 2009:

- \$0.2M for EPRI and other memberships associated with Strategic Planning / R&D initiatives;
- \$0.2M for Gartner Group additional memberships for IT research activities;
- \$0.1M in additional subscriptions to assist in load forecasting efforts within Planning;
- \$0.1M for automated feeds from rating agencies into the new Credit Management System;
- \$0.1M for subscriptions to security monitoring services

Additionally, facilities costs to operate the PCC and KCC are increasing \$0.1M or 3% from 2008 to 2009.

Line Item Details – COMPUTER SERVICES

<i>(\$ in millions)</i>	2009 <u>Draft</u>	2008 <u>Budget</u>	\$ <u>Change</u>
Software Licenses (not capitalized) and Maintenance costs	\$7.7	\$8.9	(\$1.2)
Hardware Operating Leases	\$4.0	\$ -	\$4.0
Hardware Maintenance costs	\$3.0	\$2.9	\$0.1
Computer and Electronics Equipment	<u>\$1.0</u>	<u>\$0.7</u>	<u>\$0.3</u>
Total Computer Services Costs	\$15.7	\$12.5	\$3.2

Software Licenses and Maintenance:

The decrease in software licenses and maintenance is primarily attributable to savings realized during maintenance renegotiations.

Hardware Operating Leases:

In 2008, NYISO began entering into operating leases to finance the cost of certain hardware purchases. Operating leases provide flexibility in disposing of outdated technology and have cost savings over purchasing such hardware outright. The 2009 draft budget amount reflects the operating lease payments for leases originated during 2008 as well as those anticipated for 2009.

Line Item Details - INSURANCE

<i>(\$ in millions)</i>	2009 Draft	2008 Budget	\$ Change
Total Insurance	\$3.2	\$3.6	(\$0.4)

Insurance:

In mid-2005, NYISO hired a new insurance broker to review existing insurance coverages, limits, etc. and to aggressively educate insurers regarding the NYISO risk climate. Since that time, NYISO's insurance premiums have been reduced significantly from historical levels. The 2009 budget reflects an 11% decrease from the 2008 budget (as noted above), and a slight increase from the projected 2008 actuals of \$2.9M.

Line Item Details - TELECOMMUNICATIONS

<i>(\$ in millions)</i>	2009 <u>Draft</u>	2008 <u>Budget</u>	\$ <u>Change</u>
Total Telecommunications	\$4.3	\$4.3	\$ -

Telecommunications:

The 2009 budget is equal to the 2008 budget, and reflects a slight increase from estimated spending for 2008. Savings have been achieved over the past several years by removing unused lines, combining and renegotiating services with various carriers, and efficiencies gained by consolidating NYISO offices.

Line Item Details – OTHER EXPENSES

<i>(\$ in millions)</i>	<u>2009 Draft</u>	<u>2008 Budget</u>	<u>\$ Change</u>
BOD Fees and Expenses	\$1.8	\$1.5	\$0.3
Travel, Meetings, Training Costs	\$2.7	\$2.3	\$0.4
NPCC Fees	<u>\$0.3</u>	<u>\$0.2</u>	<u>\$0.1</u>
Total Other Expenses	\$4.8	\$4.0	\$0.8

BOD Fees and Expenses:

The increase reflected is primarily driven by additional compensation for the Board Chair's expanded role and the Lead Director position.

Travel, Meetings, Training Costs:

The increase relates to an increased emphasis in management/employee training and succession planning activities.

NPCC Fees:

The increase in NPCC Fees is driven by a ~36% increase in NPCC's annual budget.

Line Item Details – DEBT SERVICE

ANNUAL PRINCIPAL AND INTEREST REPAYMENTS **									
(\$ in millions)									
Debt Facility & Repayment Period	Estimated Borrowings	2008	2009	2010	2011	2012	2013	2014	2015
2004 Budget Loan (4 yrs)	n/a	\$10.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2005 KCC Bldg Mortgage & Renov. (20 yrs)	n/a	\$1.7	\$2.1	\$2.1	\$2.1	\$2.1	\$2.1	\$2.1	\$2.1
2005 Budget Loan (4 yrs)	n/a	\$4.7	\$4.4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006 Budget Loan (4 yrs)	n/a	\$4.3	\$4.1	\$3.6	\$ -	\$ -	\$ -	\$ -	\$ -
2007 Budget Loan (3 yrs)	\$15.0M	\$5.7	\$5.4	\$5.1	\$ -	\$ -	\$ -	\$ -	\$ -
2008 Budget Loan (3 yrs)	\$16.7M	\$0.5	\$6.4	\$6.0	\$5.7	\$ -	\$ -	\$ -	\$ -
2009 Budget Loan (3 yrs)	\$20.0M	\$ -	\$0.5	\$7.0	\$6.6	\$6.3	\$ -	\$ -	\$ -
2009 PCC Bldg Mortgage & Renov. (20 yrs – est.)	\$25.0M	\$ -	\$0.1	\$0.6	\$1.5	\$2.9	\$2.8	\$2.7	\$2.7
2010 Budget Loan (3 yrs)	\$20.0M	\$ -	\$ -	\$0.5	\$7.7	\$7.3	\$6.9	\$ -	\$ -
2011 Budget Loan (3 yrs – estimated)	\$20.0M	\$ -	\$ -	\$ -	\$0.6	\$7.8	\$7.3	\$6.9	\$ -
2012 Budget Loan (3 yrs – estimated)	\$20.0M	\$ -	\$ -	\$ -	\$ -	\$0.6	\$7.8	\$7.3	\$6.9
2013 Budget Loan (3 yrs – estimated)	\$20.0M	\$ -	\$ -	\$ -	\$ -	\$ -	\$0.6	\$7.8	\$7.3
Bank Fees	n/a	\$0.6	\$0.6	\$0.6	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Total Debt Service Payments		\$28.2	\$23.6	\$25.5	\$24.7	\$27.5	\$28.0	**	**

*** Note: Totals after 2013 are not presented as additional loans after 2013 are not factored into this table.*

Line Item Details – DEBT SERVICE (cont'd)

PRINCIPAL BALANCE OUTSTANDING AT DECEMBER 31, (\$ in millions)									
<u>Debt Facility</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
2004 Budget Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2005 KCC Bldg Mortgage & Renov.	\$22.0	\$21.2	\$20.4	\$19.6	\$18.7	\$17.7	\$16.7	\$15.6	
2005 Budget Loan	\$4.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006 Budget Loan	\$7.4	\$3.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2007 Budget Loan	\$10.0	\$5.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2008 Budget Loan	\$16.7	\$11.0	\$5.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2009 Budget Loan	\$ -	\$18.3	\$12.2	\$6.1	\$ -	\$ -	\$ -	\$ -	\$ -
→ 2009 PCC Bldg Mortgage & Renov.	\$ -	\$3.0	\$16.0	\$25.0	\$23.7	\$22.5	\$21.3	\$20.0	\$18.7
2010 Budget Loan	\$ -	\$ -	\$20.0	\$13.3	\$6.7	\$ -	\$ -	\$ -	\$ -
2011 Budget Loan	\$ -	\$ -	\$ -	\$20.0	\$13.3	\$6.7	\$ -	\$ -	\$ -
2012 Budget Loan	\$ -	\$ -	\$ -	\$ -	\$20.0	\$13.3	\$6.7	\$ -	\$ -
2013 Budget Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$20.0	\$13.3	\$6.7	\$ -
Total Principal Outstanding	\$60.6	\$62.1	\$74.1	\$84.0	\$82.4	\$80.2	**	**	**
<i>** Note: Totals after 2013 are not presented as additional loans after 2013 are not factored into this table.</i>									

Line Item Details – MISC. REVENUE

<i>(\$ in millions)</i>	<u>2009 Draft</u>	<u>2008 Budget</u>	<u>\$ Change</u>
Total Miscellaneous Revenues	(\$3.1)	(\$3.8)	(\$0.7)

Miscellaneous Revenues:
The reduction in miscellaneous revenues reflected above is attributable to a decrease in interest income earned on NYISO's cash investments from \$2.5M in the 2008 budget to \$1.7M in the 2009 draft budget. The 2009 draft budget approximates the projected 2008 actual interest income, which has decreased significantly due to a significant decline in interest rates.

Line Item Details – FERC FEES

<i>(\$ in millions)</i>	<u>2009 Draft</u>	<u>2008 Budget</u>	<u>\$ Change</u>
Total FERC Fees	\$9.4	\$8.3	\$1.1

FERC Fees:

NYISO includes FERC Fees within its annual RS#1 budget revenue requirements. None of the other ISOs do this, and instead, assess FERC Fees as a direct passthrough to MPs.

NYISO's 2009 budget for FERC Fees is \$9.4M, which represents a corresponding ~8% increase from the 2008 actuals. In 2008, FERC's program costs increased 12% annually.

While FERC has issued a Notice of Inquiry as to the allocation of FERC Fees (and NYISO has submitted comments in that proceeding), ISOs/RTOs continue to pay >80% of total FERC costs. See charts on next slide for additional information.

Line Item Details – FERC FEES

NYISO History of FERC Fees							
<i>(\$ in millions)</i>	2002	2003	2004	2005	2006	2007	2008
Annual Budget	\$5.0	\$5.0	\$8.0	\$7.0	\$9.9	\$8.2	\$8.3
FERC Annual Assessment	\$6.2	\$7.7	\$6.7	\$8.3	\$7.8	\$7.9	\$8.9
FERC Adj. to Prior Year	\$ -	\$0.2	(\$1.4)	\$0.3	\$ -	(\$0.1)	(\$0.2)
Total Annual FERC Fees	\$6.2	\$7.9	\$5.3	\$8.6	\$7.8	\$7.8	\$8.7
% Change in FERC Fees	n/a	27%	(31%)	62%	(9%)	0%	12%

High degree of annual variation

ISO/RTO History of FERC Fees							
<i>(\$ in millions)</i>	2002	2003	2004	2005	2006	2007	2008
CAISO	\$9.1	\$11.3	\$7.8	\$12.3	\$10.8	\$11.3	\$12.0
ISO-NE	\$ -	\$ -	\$ -	\$ -	\$6.3	\$6.3	\$6.7
MISO	\$ -	\$1.4	\$30.0	\$30.0	\$29.2	\$28.9	\$30.9
NYISO	\$6.2	\$7.7	\$5.3	\$8.6	\$7.8	\$7.8	\$8.7
PJM	\$1.7	\$25.2	\$14.1	\$21.4	\$32.7	\$33.3	\$36.7
SPP	\$ -	\$ -	\$ -	\$ -	\$8.3	\$8.7	\$9.1
ISO/RTO % of Total FERC Fees	23%	54%	66%	65%	83%	84%	82%

SUPPLEMENTAL INFORMATION

Recap

Schedule:

- **September 9:** Distribution of draft 2009 Budget presentation to BPWG and MC for review and comment
- **September 12:** BPWG initial review of draft 2009 budget
- **September 25:** Information on draft 2009 budget provided to Management Committee for review
- **September 26:** BPWG meeting to review MC comments
- **October 20:** NYISO presents draft 2009 budget to BOD Commerce & Compensation Committee for review
- **October 22:** BPWG meeting to discuss feedback received from Management Committee & BOD
- **October 29:** Management Committee vote on final 2009 budget for recommendation to BOD
- **November 18:** BOD approval of final 2009 budget

Additional Items:

- Refer to separate presentation for details on budget targets for 2010 – 2013
- Refer to separate presentation for details on proposed PCC renovations
- Refer to separate presentation for composition of 2009 anticipated product enhancements
- Market Participant Questions / Concerns???