

April 30, 2004

The Honorable Nora Mead Brownell
Commissioner
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Dear Commissioner Brownell:

In November 2003, and again in January 2004, during meetings with key commissioners from New York, New England and the Mid-Atlantic states, you stressed the importance of eliminating rate pancaking between the regions and offered the assistance of FERC staff to facilitate further discussions on this issue. Since that time, we have had several conference calls during which considerable progress has been made. We are pleased to report that, on April 22, 2004 a conference call was held among state commissioners from New York and New England, the NYISO and ISO-NE during which an agreement in principle was reached to support the elimination of pancaked rates between these two regions on, or possibly before, the date specified in your RTO New England Order.

The participants on the call have agreed to work together to accomplish this as soon as possible. The participants on the call agreed that the state commissions would take the appropriate actions to ensure the recovery of lost transmission revenues to the Transmission Owners within their respective regions.

This agreement demonstrates our support of the Commission's goals and our commitment to take the actions necessary to enhance the efficiency of the Northeast wholesale markets for the mutual benefit of consumers. We appreciate the support of Sarah McKinley and Colin Mount of FERC staff, both of whom helped to facilitate our resolution of this important issue. Most importantly, we appreciate your leadership which initiated this important initiative.

We look forward to working with you and the rest of the Commission in the future on further enhancements to the wholesale markets in the Northeast. If you have

any further questions concerning this matter, or any other, please feel free to contact any of the undersigned.

Thank You.

Sincerely,



William Flynn

Chairman

NYS Public Service Commission



Thomas L. Welsh

Chairman

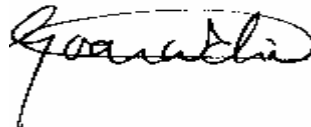
Maine Public Service Commission



William J. Museler

President and CEO

NYISO



Gordon Van Welie

President and CEO

ISO-NE

cc: Chairman Wood
Commissioners Kelly, Kelliher