

Management Committee
November 10, 2004 Meeting
Motion - Agenda #8

2005 NYISO Budget Motion

The Management Committee (MC) recommends that the Board of Directors approve the proposed Rate Schedule #1 Revenue Requirement Budget of \$129.0M for the 2005 budget year as described in the presentation materials for the October 14, 2004 and November 10, 2004 Management Committee meetings. This budget represents the funding level required to meet NYISO's key objectives and projects scheduled for 2005 while staying within the 2005 target budget. Approval of the budget is subject to the understanding that any proposal for the acquisition of NYISO facilities will be submitted to the Management Committee for approval. The Management Committee also recommends that the Revenue Requirement Budget of \$129.0M be subject to the following provisions:

- a. **Cash Expenditures** – Total amount of budgeted cash expenditures should be \$149.9 million or less.
- b. **Rate Schedule #1** – The budgeted rate schedule 1 charges should be maintained at equal to or less than 0.788 \$/MWH.
- c. **Debt Payment** – If a budget under run occurs, the under run should be reserved for paying down the principal of outstanding debt. This policy should apply for the five- year duration of the 2004 financing.
- d. **Expenditures for Insurance** – Recommend that Board consider eliminating Credit Insurance expenditures in light of current ISO credit policy.
- e. **Reduce Consultant Costs** – Move forward on conversion of LECG price validation efforts to internal resources in 2005 (addition of 4 TEs at \$0.4M could offset \$0.3M in LECG costs in 2005; savings for LECG costs in 2006 would be \$0.7M)
- f. **Obligation for Repayment** – In approving the 2005 budget, the Management Committee acknowledges and agrees that the cost of financing (i) the funds expended on 2003 projects, and (ii) the funds expended on 2004 projects must be repaid in the future NYISO budgets that cover the relevant amortization periods.