

January 9, 2003

Mr. Thomas L. Rudebusch
Attorney for Municipal Electric Utilities
Association of New York State
Duncan, Weinberg, Genzer & Pembroke, P.C.
Suite 800
1615 M Street, N.W.
Washington, DC 20036

Dear Mr. Rudebusch:

I have received your letter of January 8 concerning your attempt to have a Motion that was voted down by the Management Committee in December appear again on the January agenda. I appreciate the frustration your letter evidences and I want to assure you that my staff endeavors to follow completely all procedures set out in the bylaws and the ISO Agreement. In this particular case, I believe they have done so. Nothing in their actions convinces me that they have usurped, nor tried to usurp, anyone's authority.

As indicated to you by the NYISO staff, the NYISO Board of Directors determined at its December 2002 meeting to file the credit policy portion of the Financial Assurance proposal under section 206 of the Federal Power Act. However, because of certain alleged deficiencies in the working capital and loss sharing portions of the proposal, the Board directed the NYISO staff to reconsider these provisions with the Market Participants in the appropriate lower committees. After revisiting these issues, the Board expects the Market Participants to come back to the Board with working capital/loss provisions that, hopefully, can be filed under section 205.

The Chair of the Committee, as you correctly point out, is responsible for creating an agenda. The By-Laws also provide a Market Participant who is dissatisfied with the outcome of a Management Committee vote the right to appeal the negative vote to the Board. Had you gone directly to Garry Brown and conferred on the issue you wished to place on the agenda, as the By-Laws provide, the outcome may have been different. In the alternative, you could have timely filed an appeal of the negative Management Committee vote and assured for your client an opportunity to make your case directly to the Board.

Ultimately, my General Counsel, Rob Fernandez, can advise you directly when you have any question about how to make happen what you want to make happen. A timely call to him can often resolve unanswered questions or concerns. He can be reached at (518) 356-7504.

Thank you for sharing your thoughts.

Sincerely,



cc: John W. Boston
Garry Brown
Robert E. Fernandez
Richard J. Grossi
James Hamilton
Robert A. Mullane