

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer To:
Office of Enforcement
Docket No. PA08-14-000
March 28, 2008

New York Independent System Operator, Inc.
Attention: Mr. Robert E. Fernandez
Vice President and General Counsel
10 Krey Boulevard
Rensselaer, NY 12144

Dear Mr. Fernandez:

The Division of Audits (DA) in the Office of Enforcement (OE) of the Federal Energy Regulatory Commission (Commission) is commencing an audit of New York Independent System Operator, Inc (NYISO). The audit will determine whether the information posted on NYISO's OASIS is consistent with the prescribed requirements at 18 C.F.R Section 37.6 (2008), focusing primarily on the modifications from Order No. 890.¹ The audit will cover the period from March 17, 2008 through the present.

This audit is being conducted pursuant to Section 301 of the Federal Power Act, 16 U.S.C. § 825 (2005), and is subject to the confidentiality provisions of that section. Documents and information obtained by the Commission staff during the audit, as well as all working papers developed, will be placed in non-public files. Section 301(b) of the Federal Power Act allows the audit team to keep copies of any accounts, records, or memoranda that pertain to the audit; requires companies to furnish, within reasonable time frames, any information which the Commission may require; and requires companies to grant agents of the Commission free access to its property, accounts, records and memoranda. Section 301(c) of the Federal Power Act allows the audit team to examine the books, accounts, memoranda, and records of any person who controls, directly or indirectly, a licensee or public utility subject to the jurisdiction of the Commission, and of any other company controlled by such person, insofar as they relate to transactions with or the business of such licensee or public utility.

¹ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241 (2007), *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats & Regs. ¶ 31,261 (2007).

Consistent with the requirements of Section 301, 304 and 311 of the Federal Power Act, 16 U.S.C. §§ 825, 825c, and 825h (2006) and Part 125 of the Commission's regulations, 18 C.F.R. Part 125 (2007), NYISO must preserve and retain all existing and future records relevant to this audit. For purposes of this audit, the Division of Audits considers the relevant records to be all documents and communications which are in the possession, custody or control of NYISO and either (1) relate to any service provided or to be provided by, on behalf of, to or for the benefit of NYISO or any facility owned or operated by, on behalf of, or for the benefit of NYISO; or (2) are communications, transactions, agreements or arrangements between NYISO and any of its affiliates, or between any director, officer, manager, or other employee of NYISO, and any director, officer, manager, or other employee of NYISO's affiliates.

If you have any questions concerning this letter, please contact Mrs. Jennifer Ray, Auditor-in-Charge at (202) 502-8391 or Mr. Stephen Somma, Auditor at (202) 502-8051.

In addition, if you would like to discuss the audit with DA management at any time during the course of this audit, please contact Ms. Beth Taylor, Audit Manager, at (202) 502-8826 or Mr. Bryan Craig, Director, at (202) 502-8741.

Sincerely,

Susan J. Court
Director
Office of Enforcement