

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

In Reply Refer To:  
New York Independent System  
Operator, Inc.  
Docket No. EL02-125-002  
12/22/04

Robert E. Fernandez  
New York Independent System Operator, Inc.  
290 Washington Avenue Extension  
Albany, NY 12203

Attention: New York Independent System Operator, Inc.

Reference: Compliance Filing on Settlement Agreement Requiring Amendments  
to Attachment S of Open Access Transmission Tariff

Dear Mr. Fernandez:

On October 15, 2004, New York Independent System Operator, Inc. (“NYISO”) submitted a compliance filing (“Compliance Filing”) to amend its interconnection cost allocation rules contained in Attachment S to the NYISO Open Access Transmission Tariff. This was pursuant to the Commission’s August 20, 2004 order, which conditionally accepted a Settlement Agreement resolving procedural issues raised in the course of this proceeding.<sup>1</sup>

Notice of the filing was published in the Federal Register, 69 Fed. Reg. 62441 (2004), with comments, protests, and interventions due on or before October 29, 2004. On November 1, 2004, in its out-of-time comment on the Compliance Filing, New York Power Authority (“NYPA”) proposed two changes to the NYISO’s amended tariff provisions. On November 10, 2004, in its Answer to Comments, the NYISO accepted NYPA’s first proposed change requiring the NYISO to use developer projects as the basis for the generic solutions establishing costs associated with meeting Applicable Reliability Requirements. However,

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<sup>1</sup> See KeySpan Energy Development Corporation v. New York Independent System Operator, Inc., 108 FERC ¶ 61,201 (2004)

NYISO took issue with NYPA's second proposed change. On November 15, NYPA submitted a filing with modified language acceptable to both NYPA and the NYISO for the second proposed change, resolving the remaining issue raised in NYPA's comment on the Compliance Filing. The revised language assures an appropriate review of the feasibility of segmenting Class Year developer projects for use as the basic generic units in the Cost Allocation process.

Pursuant to the authority delegated to the Director, Division Tariffs and Rates - East, under 18 C.F.R. § 375.307, your Compliance Filing is hereby accepted, effective October 25, 2004, conditional upon the NYISO's filing of the two tariff revisions agreed to by the NYISO and NYPA within 30 days of the date of this order.

This acceptance for filing shall not be construed as constituting approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service contained in your filing; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation associated therewith; and such action is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against your company.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,

Anna V. Cochrane, Acting Director  
Division of Tariffs and Market  
Development- East