

Working Capital Rebalancing

Billing & Accounting Working Group Presentation –
January 28, 2004

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For Discussion Only

Introduction

- FERC ordered the NYISO to rebalance the working capital fund on an annual basis.
- This rebalancing will take place annually each January and is required to be done retroactively.
- Rebalancing was completed with a dollar volume allocation. The load ratio share methodology be no longer be used.

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Calculation Overview

Step 1: Determine dollar volume usage for each MP

Power Supplier	\$
Transmission Customer	\$
TCC Holder	\$
Transmission Owner	\$
EDRP Customer	\$
ICAP Auction	\$
TCC Auction	\$
Adjustments (excludes prepayments)	\$
Total MP's AR+AP	\$

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Calculation Overview *(continued)*

Step 2: Determine ratio of each MP's usage to total NYISO usage:

$$\frac{\text{MP's Accounts Receivable} + \text{Absolute Accounts Payable}}{\text{NYISO's Accounts Receivable} + \text{Absolute Accounts Payable}^*} = \text{\% of each MP's Allocation}$$

Step 3: Multiply each MP's ratio by total working capital:

$$\begin{array}{l} \text{\% of each} \\ \text{MP's Allocation} \end{array} \times \text{Total WC Principal}^{**} = \text{New Allocation}$$

Step 4: Compare each MP's rebalanced allocation to amount previously contributed:

$$\text{New Allocation} - \text{Current MP Principal Balance} = \text{Net Charge/(Refund)}$$

* Total NYISO Share = \$14,008,311,850

** Total WC Principal = \$46,459,117

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Implementation Overview

- The rebalancing will begin with the February 2004 invoice.
- The rebalancing will be allocated over 3 months.
- Emails are currently being sent to notify all MP's of their share.
- Please review and notify Chris Riffelbach of any problems no later than February 6th. This allows for time to correct any potential problems prior to the invoice issuance.
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