

The intent of this posting is to describe the monthly Schedule 1 rates that should be charged transmission customers under the Open Access Transmission Tariff [OATT] and Market Administration and Control Area Services Tariff [MST]. The charge for January 2002 will be \$0.68 per megawatthour and will be collected, in total, under the Open Access Transmission Tariff, as in previous months.

On September 18, 2000, the NYISO filed revisions to Schedule 1 of its OATT and Schedule 1 of its MST, to comply with the Stipulation and Agreement approved by the order of the Commission in Docket No. ER99-4235-0000 et al., issued on August 30, 2000, 92 FERC ¶ 61,180. The FERC ordered an effective date of September 1, 2000 and waiver of the Commission's notice requirements. The filing reflects the method of the recovery of NYISO start-up costs incurred by the Member Systems from January 1997 through November 1999. The NYISO start-up costs will be amortized until December 2004 and recovered equally from each tariff. The monthly amortization of the start-up costs for 2002 is \$1,094,238. Customers receiving transmission services under the OATT will be charged 50% of the monthly amortized cost, or \$547,119 through the OATT Schedule 1 monthly per megawatthour rate. Likewise, customers receiving LBMP market services under the MST will be charged 50% of the monthly amortized cost, or \$547,119, through the MST Schedule 1 monthly per megawatthour rate.

The NYISO will perform the necessary billing code modifications to accommodate the implementation of the above referenced FERC ordered tariff revision to provide for the recovery of NYISO Start-up costs through Schedule 1 rates of the OATT and MST. The tariff revision became effective September 1, 2000, however due to the timeframe to modify and implement the required billing code, the allocation of start-up costs between the OATT & MST customers will be reflected in adjusted OATT & MST Schedule 1 rates in subsequent re-billings of all months since the effective date of the order. The NYISO will issue a posting describing the methodology to allocate NYISO costs of operations between the OATT and MST as soon as it is available.

The NYISO computed this monthly Schedule 1 rate using average monthly values derived from annual forecasts in order to provide the market with a relatively constant monthly rate; however, the NYISO reserves its right to adjust the Schedule 1 rates as provided for under the OATT & MST to address changes to NYISO costs of operations and significant expenditures not known at the time the NYISO adopted its 2002 budget.

On October 26, 2000, the FERC ordered a Revision Of Annual Charges Assessed To Public Utilities via Order #641 of the Commission in Docket No. RM00-7-000 et al., 93 FERC 61,083. The FERC ordered that all ISO's be assessed FERC fees. The actual fee has yet to be defined; however, the Management Committee has authorized the NYISO to bill an annual estimated charge of \$5,000,000 until such fee is established. Any adjustments due will be rendered prospectively.

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| A. Forecasted Monthly LBMP Market Energy | 13,899,540 MWh |
| B. Forecasted Monthly Export Bilateral Transmission Service | 144,772 MWh |
| C. Forecasted Monthly Wheel-Through Bilateral Transmission Service | <u>367,430 MWh</u> |
| Total Forecasted Monthly Transmission Service | 14,411,742 MWh |
| D. NYISO Cost of Operations | \$7,701,185 |
| E. NYISO Start-Up Cost | \$1,094,238 |
| F. FERC Fees | \$416,667 |
| G. Rate stabilization | \$567,735 |

OATT NYISO Cost of Operations Allocation to Schedule 1 Rate Calculation:

$$\{D \div (A + B + C)\}; \text{ or } \$0.534369 \text{ per megawatthour}$$

OATT Start-up Cost Allocation to Schedule 1 Rate Calculation:

$$\{(E \div 2) \div (A + B + C)\}; \text{ or } \$0.037963 \text{ per megawatthour}$$

FERC Fees recovered through OATT Schedule 1 Rate Calculation:

$$\{F \div (A + B + C)\}; \text{ or } \$0.028912 \text{ per megawatthour}$$

Rate stabilization adjustment to maintain \$0.68/MWh Schedule 1 rate:

$$\{G \div (A + B + C)\}; \text{ or } \$0.039394 \text{ per megawatthour}$$

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| NYISO OATT Cost component of rate: | \$0.534369 per MWh |
| Start-up Cost component of rate: | \$0.037963 per MWh |
| FERC Fee Cost component of rate: | \$0.028912 per MWh |
| Rate stabilization component of rate: | <u>\$0.039394 per MWh</u> |
| OATT Schedule 1 Rate: | \$0.640638 per MWh |

MST Start-up Cost Allocation to Schedule 1 Rate Calculation:

$$\{(E \div 2) \div A\}; \text{ or } \$0.039362 \text{ per megawatthour}$$

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|---------------------------|---------------------------|
| OATT Schedule 1 Rate: | \$0.640638 per MWh |
| MST Schedule 1 Rate: | <u>\$0.039362 per MWh</u> |
| Combined Schedule 1 Rate: | \$0.680000 per MWh |