

MONTHLY RATE SCHEDULE 1 RATES OPEN ACCESS TRANSMISSION SERVICE TARIFF & MARKET ADMINISTRATION AND CONTROL AREA SERVICES TARIFF

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 June 2002 will be \$0.68 per megawatt-hour and will be collected, in total, under the NYISO Tariffs.

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 megawatt-hour 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 megawatt-hour rate.

The NYISO computed this monthly Schedule 1 rate using average monthly values derived from annual forecasts and historic market data 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. A rate stabilization component has been added to ensure a consistent \$0.68 per megawatt-hour rate.

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.

A. Forecasted Monthly LBMP Market Energy	13,837,086 MWh
B. Forecasted Monthly Export Bilateral Transmission Service	144,114 MWh
C. Forecasted Monthly Wheel-Through Bilateral Transmission Service	<u>364,344 MWh</u>
Total Forecasted Monthly Transmission Service	14,345,544 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	\$522,780

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

$\{D \div (A + B + C)\}$; or \$0.536835 per megawatt-hour

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

$\{(E \div 2) \div (A + B + C)\}$; or \$0.038139 per megawatt-hour

FERC Fees recovered through OATT Schedule 1 Rate Calculation:

$\{F \div (A + B + C)\}$; or \$0.029045 per megawatt-hour

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

$\{G \div (A + B + C)\}$; or \$0.036442 per megawatt-hour

NYISO OATT Cost component of rate: \$0.536835 per MWh

Start-up Cost component of rate: \$0.038139 per MWh

FERC Fee Cost component of rate: \$0.029045 per MWh

Rate stabilization component of rate: \$0.036442 per MWh

OATT Schedule 1 Rate: \$0.640460 per MWh

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

$\{(E \div 2) \div A\}$; or \$0.039540 per megawatt-hour

OATT Schedule 1 Rate: \$0.640460 per MWh

MST Schedule 1 Rate: \$0.039540 per MWh

Combined Schedule 1 Rate: \$0.680000 per MWh