

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 April 2003 will be \$0.74 per megawatthour 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 2003 is \$1,095,881. Customers receiving transmission services under the OATT will be charged 50% of the monthly amortized cost, or \$547,940 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 \$547,940, through the MST Schedule 1 monthly per megawatthour 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 \$0.74 per megawatthour rate. This methodology may change with the implementation of the allocation of 15% of NYISO costs of operations & FERC fees to suppliers.

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 2003 FERC fee is budgeted at \$5,000,000.

A. Forecasted Monthly NYCA & Non-NYCA LSE withdrawals	11,573,022 MWh
B. Forecasted Monthly Export Bilateral Transmission Service	133,884 MWh
C. Forecasted Monthly Wheel-Through Bilateral Transmission Service	<u>147,408 MWh</u>
Total Forecasted Monthly Transmission Service	11,854,314 MWh
D. NYISO Cost of Operations	\$8,335,168
E. NYISO Start-Up Cost	\$1,095,881
F. FERC Fees	\$416,667
G. Rate stabilization	\$(1,088,845)

OATT NYISO Cost of Operations Allocation to Schedule 1 Rate Calculation:
{D ÷ (A + B + C)}; or \$0.703134 per megawatthour

OATT Start-up Cost Allocation to Schedule 1 Rate Calculation:
{(E ÷ 2) ÷ (A + B + C)}; or \$0.046223 per megawatthour

FERC Fees recovered through OATT Schedule 1 Rate Calculation:
{F ÷ (A + B + C)}; or \$0.035149 per megawatthour

Rate stabilization adjustment to maintain \$0.74/MWh Schedule 1 rate:
{G ÷ (A + B + C)}; or \$(0.091852) per megawatthour

NYISO OATT Cost component of rate: \$0.703134 per MWh
Start-up Cost component of rate: \$0.046223 per MWh
FERC Fee Cost component of rate: \$0.035149 per MWh
Rate stabilization component of rate: \$(0.091852) per MWh
OATT Schedule 1 Rate: \$0.692654 per MWh

MST Start-up Cost Allocation to Schedule 1 Rate Calculation:
{(E ÷ 2) ÷ A}; or \$0.047346 per megawatthour

OATT Schedule 1 Rate: \$0.692654 per MWh
MST Schedule 1 Rate: \$0.047346 per MWh
Combined Schedule 1 Rate: \$0.740000 per MWh