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FEDERAL ENERGY  
REGULATORY  
COMMISSION  
New York State

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

New York State Reliability Council )  
 ) Docket No. ER00-886-000  
 )

ANSWER OF THE  
EXECUTIVE COMMITTEE OF THE  
NEW YORK STATE RELIABILITY COUNCIL

Pursuant to the Commission's Rules of Practice and Procedure, the Executive Committee of the New York State Reliability Council ("NYSRC") respectfully responds to the "Motion to Intervene and Protest of 1st Rochdale Cooperative Group, Ltd. and Coordinated Housing Services, Inc." ("Rochdale Protest") filed on January 11, 2000 to the filing submitted by the NYSRC on December 22, 1999 to amend the New York State Reliability Council Agreement ("NYSRC Agreement") to provide for an efficient funding mechanism.<sup>1</sup>

Rochdale is the sole party to object to the NYSRC's proposal. Four parties have intervened to express their support for the NYSRC funding proposal, including the New York Municipal Power Agency, Multiple Intervenors, the Long Island Power Authority and LIPA, and Consolidated Edison.<sup>2</sup>

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<sup>1</sup> ("December 22 Filing").

<sup>2</sup> See, e.g., Motion to Intervene of the New York Municipal Power Agency in Support of Filing, dated January 11, 2000, at 4; Motion to Intervene of the Long Island Power Authority and LIPA dated January 6, 2000, at 3-4; Motion to Intervene and Comments in Support of Filing of Consolidated Edison Company of New York, Inc., dated January 11, 2000, at 3-4; Motion to Intervene and Comments of Multiple Intervenors, dated January 10, 2000, at 7-8; Motion to Intervene of The Long Island Power Authority and LIPA, dated January 6, 2000, at 3-4.

Rochdale's protest is based on a misapprehension of how costs are allocated under the NYISO. Consequently, the Rochdale Protest does not provide an adequate basis for the Commission's rejection of the December 22 filing.

To assist the Commission in its analysis of the issues raised in the Rochdale Protest, and to facilitate the expeditious review of the December 22 Filing,<sup>3</sup> the NYSRC respectfully submits this response:

In support hereof, the NYSRC states:

1. As the December 22 Filing explains, the funding proposal is intended to: 1) establish a funding mechanism that will provide the NYSRC with the financial resources necessary to perform its reliability functions; and to 2) place a reasonable limit on the annual dues payable by the parties participating in the NYSRC so that participation will not be discouraged.

2. While Rochdale agrees that all transmission customers in the New York Control Area benefit from the NYSRC's operations,<sup>4</sup> it complains that the funding proposal would allocate the NYSRC's costs to only new market participants and, therefore, is discriminatory.<sup>5</sup>

Rochdale asserts in its protest that the December 22 Filing "represents another attempt to impose

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<sup>3</sup> The Commission has consistently waived the requirements of Rule 213(a)(2) where, as here, a responsive pleading will assist the Commission's analysis, provide useful and relevant information, or otherwise facilitate a full and complete record upon which the Commission can base its decision. See, e.g., Williams Natural Gas Co., 70 FERC ¶ 61,306 at 61,923 n.6 (1995); Tennessee Gas Pipeline Co., 55 FERC ¶ 61,437 at 62,306 n.7 (1991); Michigan Consolidated Gas Co., 55 FERC ¶ 61,001 at 61,006 (1991).

<sup>4</sup> Rochdale Protest at 5.

<sup>5</sup> Rochdale Protest at 5-6.

the costs of the NYISO and related entities upon new participants in NYISO markets."<sup>6</sup>

Rochdale compares the NYSRC's filing with recent joint filings of the Member Systems<sup>7</sup> and the NYISO to recover certain costs, and concludes that grandfathered customers are exempt from paying any of them.

Rochdale's protest is based on a misunderstanding of the relevant facts. As has been emphasized repeatedly by the Member Systems and the NYISO in various Commission proceedings, every ISO customer is expected to pay the Schedule 1 charge under the ISO Tariffs. For example, the ISO OATT provides that the Schedule 1 charge will be paid by all transactions that serve load (as well as by export and wheel-through transactions).<sup>8</sup> These charges are to be calculated on the basis of all energy withdrawals by the load. Grandfathered agreements are not intended to be excluded from these charges. Accordingly, Rochdale's assertions that only new entrants to the NYISO will be required to defray the costs related to the funding of the NYSRC are incorrect and should be rejected.

3. Rochdale also complains that the December 22 Filing does not adequately define the costs to be recovered. Specifically, Rochdale states that Legal, Consulting, Accounting and Other Services "could include any type of service. NYISO customers should not be required to pay for unreasonable services."<sup>9</sup> Similarly, Rochdale questions the types of expenses covered

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<sup>6</sup> Rochdale Protest at 4.

<sup>7</sup> The Member Systems consist of the Transmission Owners in New York State, formerly the Member Systems of the New York Power Pool.

<sup>8</sup> See ISO OATT, Paragraph 7B.3, Original Sheet Nos. 44-45.

<sup>9</sup> Rochdale Protest at 6.

under "Staff Compensation and Expenses" and states that "[w]ithout more information the justness and reasonableness of this filing cannot be determined."<sup>10</sup>

The items listed in the proposed NYSRC budget, contained at Appendix C of the December 22 Filing, are common and appropriate cost categories, and are referenced in Article 4.10 of the NYSRC Agreement.<sup>11</sup> "Legal, Consulting, Accounting and Other Services" refers to the estimated cost of professional services which the NYSRC expects to utilize during 2000. "Staff Compensation and Expenses" refers to the funds necessary to pay the NYSRC's staff members and to reimburse them for related expenses. These cost categories represent the normal and ordinary costs that the NYSRC, or any similar organization, would be expected to incur in performing its responsibilities related to system reliability. Furthermore, the proceeding is not the place to determine the reasonableness of costs that have not yet been incurred. The NYSRC has requested that the filing be accepted subject to refund. Any party is free to contest in the future the necessity or reasonableness of any cost actually incurred by the NYSRC. Since these cost categories are clearly appropriate, Rochdale's objection is without merit.

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<sup>10</sup> Rochdale Protest at 6.

<sup>11</sup> This provision bestows upon the Executive Committee "the authority to employ such staff members, temporary workers, independent consultants, auditors, and counsel as necessary to carry out such assignments and functions." See Article 4.10, NYSRC Agreement.


## CONCLUSION

The Executive Committee of the NYSRC, including its three unaffiliated members, voted unanimously to support the NYSRC funding proposal. Only Rochdale has opposed the proposal. Rochdale's protest is based on a misunderstanding of the operation of the NYISO tariffs and does not provide any substantive basis for a rejection of the Filing by the Commission.

WHEREFORE, in view of the foregoing, the NYSRC respectfully requests that the December 22 Filing be accepted in its entirety.

Respectfully submitted,

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Attorneys for the New York State  
Reliability Council

January 27, 2000

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person who is designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Washington, D.C. this 27th day of January 2000.

  
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Joseph H. Fagan

Acting Counsel to the New York State  
Reliability Council