

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Conference Call #4 - May 25, 2000

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) - Chairman
William H. Clagett	Unaffiliated Member - Vice Chairman
Roger E. Clayton	Wholesale Sector, PG&E Generating
Mark J. Cordeiro	Municipals, PLM, Inc
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”)
John Hauber	Rochester Gas & Electric Corporation
George C. Loehr	Unaffiliated Member
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
P. Donald Raymond	Niagara Mohawk Power Corporation
Mayer Sasson	Consolidated Edison Co. of New York, Inc. (“Con Edison”)
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)

Others

Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”) - Legal Counsel
Keith O’Neal	New York Public Service Commission (“PSC”)

Discussion Items

1.0 NYSRC Funding Mechanism

Mr. Bolbrock scheduled the Committee Conference Call No. 4 to discuss the NYSRC Funding Mechanism and whether to pursue including the NYSRC funding mechanism proposal approved by the Committee at its May 12, 2000 meeting on the agenda for the next NYISO Management Committee Meeting.

Mr. Bolbrock noted that since the May 12, 2000 Committee meeting, he has received calls from several Committee Members on the issue and there appears to be less support for the proposal with regard to the addition of two new positions on the NYSRC. The PSC has also indicated that they are opposed to the addition of new positions, and would file in opposition to the proposal if it was filed at FERC. Mr. O’Neal stated that the PSC objects to the addition of any new members to the NYSRC because it will dilute the current, effective membership of the NYSRC which results in a good focus on reliability. He added that the addition of new members to the NYSRC may impact that positive focus, as well as make the NYSRC look like an NYISO

committee. Mr. O'Neal later noted that there is no reason to change the membership of the NYSRC after all the effort made to negotiate the current governance structure of the NYSRC.

Mr. Gioia reported that he conducted an assessment of the support that would be obtained from the NYISO Management Committee on the NYSRC Funding Mechanism proposal, both with and without the addition of the two new positions. The results of his assessment show that at least 75% of the NYISO Management Committee would support the proposal if the two new positions on the NYSRC were included. However, Mr. Gioia also noted that the proposal would not receive significant (at least 70%) support from the NYISO Management Committee if the two new positions were not included. Mr. Gioia stated that the NYSRC needs the support of both the PSC and the NYISO at FERC to revise the funding mechanism.

The Committee discussed the issue in detail with Members stating reasons for and against the addition of new members. At least four members opposed the addition of at least one new member to the NYSRC, therefore, the proposal was tabled and the decision was made to remove from, or not include the motion approved by the Committee on May 12th on the NYISO Management Committee agenda.

The Committee then focused its discussions on the NYSRC funding issue and the concerns raised by the three non-Transmission owning Affiliated Members in meeting their financial obligations. Both Messrs. Loughney and Cordeiro stated that their respective sectors will meet their financial obligations for 2000 up to the approved total NYSRC budget of \$550,000. If the NYSRC budget is increased to \$700,000 as discussed at the May 12th Committee meeting, they could not meet their increased financial obligations. Mr. Clayton noted that he only has authorization to meet the Wholesale Sector's financial obligations into the Summer. The Committee discussed funding options including increased funding by the Transmission Owners ("TO"). Mr. O'Neal stated that the PSC would support additional funding by the TOs, and would support the recovery of these expenditures in the TO's individual rate cases. The Committee discussed the need to limit future NYSRC expenditures to the original budget. The Secretary shall contact Mr. Adamson to obtain a summary of all NYSRC expenditures to date in 2000 - **AI #CC4-1**. Mr. Loughney shall contact Mr. Gioia to discuss legal expenditures anticipated for the rest of 2000 - **AI #CC4-2**.

The Committee agreed to the following:

1. Establishing a Funding Working Group, consisting of Messrs. Clagett, Raymond, Haase, Mennerich, Sasson, Hauber, and Fleury, to address the handling of NYSRC expenditures in excess of the original budget of \$550,000. Mr. Raymond will chair the group; and
2. The Committee will continue to investigate the addition of new members to the NYSRC in conjunction with an NYSRC funding mechanism as originally proposed, for the year 2001.

The Committee Conference Call No. 4 was adjourned at 10:40 A.M.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: June 16, 2000