STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 06-T-0650 - Application of New York Regional Interconnect Inc. For a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII for a High Voltage Direct Current Electric Transmission Line Running Between National Grid's Edic Substation in the Town of Marcy, and Central Hudson Gas & Electric's Rock Tavern Substation Located in the Town of New Windsor

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Evidentiary Hearing
3 Empire State Plaza
19th Floor
Albany, New York

March 31, 2009
8:30 a.m.

BEFORE: MICHELLE L. PHILLIPS,
Administrative Law Judge

JEFFREY STOCKHOLM,
Administrative Law Judge

(Exhibits 269 through 281 marked for identification.)

JUDGE STOCKHOLM: I call Case 06-T-0650, Application of New York Regional Interconnect, Inc. for Certificate of Environmental Compatibility and Public Need.

Could we begin this morning with appearance of Counsel.

MR. SINGER: Yes, Your Honor. For New York Regional Interconnect, the law firm of Couch White, by Leonard Singer, Garrett Bissell, and William McCarthy.

MR. KLUCSIK: For Communities Against Regional Interconnect, Gilberti, Stinziano, Heintz & Smith, P.C., by Brenda Collela and John Klucsik.

MR. BLOW: For the staff of the Department of Public Service, Steven Blow, assistant counsel, and Anthony Belsito, assistant counsel.

MS. STRAUS: For the New York Power Authority, Sarah Barish-Straus and Mark Malone.

MR. LANIADO: On behalf of the Long Island Power Authority, the law firm of Read and Laniado by Sam Laniado.

MR. LITTLE: For the Department of Environmental Conservation, William Little and David

Sampson.

MR. RIBACK: For Consolidated Edison Company of New York, Jeffrey L. Riback, assistant general counsel.

MR. GLASSER: Central Hudson Gas & Electric Corporation by Robert J. Glasser.

MR. SALTARELLI: For NYISO, Joseph Saltarelli of Hunton & Williams.

MR. PATKA: Carl Patka of New York Independent System Operator.

MS. GACH: And Karen Gach for the NYISO.

JUDGE STOCKHOLM: Okay. I have one preliminary question. And it's a -- it's a question I meant to ask the witness -- CARI's witnesses yesterday with regard to electromagnetic fields, particularly magnetic fields as it is associated with the Nanotech Center issue that we had some testimony on yesterday.

One of the questions that I thought about after we, of course, released the witnesses, was whether it would make a significant impact on the strength of the magnetic fields if the cable were buried. And if it were buried, I understand that burial doesn't affect magnetic fields, but the two cables would be buried fairly close together.

Just when I need Mr. Bucci, he's not here. But my thought would be it's a couple of feet. I'm sure the company has diagrams that -- that would show the distance between the two cables as they are buried.

First of all, let me ask: Does anybody disagree with my assumption that those cables in close proximity would have a significant dampening effect on magnetic field?

Okay, nobody is going to question that.

MR. KLUCSIK: Your Honor, I don't know that I can confirm or challenge that proposition.

JUDGE STOCKHOLM: Well, okay, so that's a neutral. I'll go with a neutral unless somebody can tell me I'm wrong. I'm pretty sure I'm right about this.

MR. KLUCSIK: It's beyond my technical expertise.

JUDGE STOCKHOLM: I understand, but what I was going to ask you was if you would take this proposition to your witness and ask her, number one, am I right? Does that significantly impact the magnetic field by putting those conductors a few feet apart as well as -- rather than tens of feet apart as they occur on the pole? And if that's --

MR. KLUCSIK: Is your question related to the underground placement of the cables within a few feet?

JUDGE STOCKHOLM: Yes. Yes. Yes. Yes. That's the -- that's the foundation. The cables are within a couple of feet, and I ask you to ask the company at some point -- maybe they can give you a precise distance -- and then ask your expert if that would affect her numbers. And if so, how?

That is to say, what would the distance required be if the cables were underground within a couple of feet of each other?

And you can report the -- if you would, report that back to the record. And then we'll decide if we want to put that into evidence. And if so, how to do that. It could be done by affidavit, but that would -- that would require the consent of the parties. Otherwise, we could call her back. I hate to do that for one issue.

But, in any event, would you check that out for me?

MR. KLUCSIK: Yes, Your Honor.

MR. BISSELL: Your Honor, just to clarify, in Section E-3 of the application, Figures E-3.3.1-1 and

E-3.3.1-2 do show the cross-section of buried cable, and the distance between the two cables would be 36 inches.

JUDGE STOCKHOLM: Thank you, Counsel, I appreciate that.

Do we have any other matters preliminary?

MR. LANIADO: Yes, Your Honor. At some point today I would like to discuss the Lesser/Puga testimony and the motion to strike that staff had made and was supported by LIPA as well as Con Edison, and I believe CARI. I'm not sure.

But yesterday there was a discussion of having those witnesses come up on Thursday rather than Friday, and discovery responses just came in late yesterday, so I would like to have that discussion. And it can be now or later, your choice.

JUDGE STOCKHOLM: Well, we're halfway into it. Go ahead.

MR. LANIADO: Your Honor, you held staff's motion to strike specific portions of the Lesser/Puga testimony in abeyance pending the conduct of discovery. And I forget offhand whether you wanted us to complete cross-examination or you -- that we could renew it before cross-examination. Well, discovery --

JUDGE STOCKHOLM: Your call on that.

MR. LANIADO: Excuse me?

JUDGE STOCKHOLM: I said it's your call on that.

MR. LANIADO: Okay. Well, staff -- staff issued its discovery, I believe, March 16th or March 17th. LIPA sent out its interrogatories March 18th. We just got the responses last night or late yesterday evening, and we are being asked now to cross the witnesses on Thursday or on Friday.

And in many -- many instances, Counsel could go forward even though they only have two or three days' notice or have the information, but we have a unique situation here. And here we have a model -- a simulation model on a very pivotal issue, conduction cost savings, that has never been used in New York State, at least before the Public Service Commission.

Staff, in one of its interrogatories, asked for the benchmarking, whether the -- the Aurora outputs had been benchmarked. And in response to DPS 1283, NYRI did not provide that benchmarking and said that their benchmarking is commercially sensitive and thus considered confidential.

LIPA had asked for the inputs to the model, and we were told that they were proprietary and that we

didn't have a license to use Aurora. No one at LIPA has ever used Aurora. So what we have is a model that no one in this proceeding, other than one party, has access to, and that's NYRI, to my knowledge.

The question is, I believe that, yes, we could probably poke around their testimony and the results of that modelling, but the -- the evidence that's going to be presented in this record is not going to be very probative. And I think it's highly prejudicial to ask us to go forward with cross-examination at all when we're dealing literally with a black box.

We're being asked to learn about something that -- well, first of all, we can't learn about it because we're not being given the guts of the model and we're being asked to cross on the fly.

JUDGE STOCKHOLM: I understand your points, and I would suggest to you that this is not the time to renew a motion to strike, and I will explain why.

Staff's allegation in its original motion, which was joined by others, is that this study or software program is a black box. You said it yourself.

There is no evidence in this record that it's a black box other than the allegations. Now, I do

understand that discovery responses -- discovery has been undertaken subsequent to our ruling. I might suggest it could have come earlier.

That point aside, I -- and I certainly do not question your statement on the record today about what the answers to that discovery showed. However, those answers are not in the record, and I cannot base -- I'm not in a position now to say anything more than I said when I made the motion.

As the record develops, we can deal with the issue. If it's truly a black box, it's likely -- and the record shows that -- it's likely that I will strike that. But, as I said, the evidence does not show at this point in time that it's a black box and beyond scrutiny.

I might suggest to you that one way that you might show that is in your cross-examination, but that's entirely up to you. That's your decision about how to proceed. But at this point, assuming arguendo -- and I don't actually think, Mr. Laniado, you said this. But assuming arguendo, you asked me to reconsider the motion at this time, that would be denied at this time without prejudice to renewal.

MR. LANIADO: Your Honor, wouldn't the

technicality of not having evidence in the record be solved by simply marking the responses for identification and showing the applicant's response that they would not disclose the model, the benchmarking, either to staff or provide the model's inputs to LIPA?

JUDGE STOCKHOLM: The response to your question could we mark the documents for identification is yes. Whether the documents are then adequate on -- for me to make a determination, I don't know, because I haven't seen the documents.

MR. LANIADO: Well, I guess what I'm saying is I can hand them up to you later today. I can make copies and we can mark them, and then we can have the discussion later today.

But the -- but I guess the point is we are being asked to proceed on Thursday, and I think that's prejudicial having had the responses only for two days.

Now, I understand your point that maybe the discovery could have been asked sooner, but a motion was made, and I -- frankly, I think that's a judgment call because there's nothing in the rules that requires someone to go ahead and serve discovery while a motion is pending.

MR. SINGER: Your Honor, can I respond to

some of this.

MR. BLOW: I'd like to make a point before Mr. Singer responds, if you don't mind, Your Honor.

JUDGE STOCKHOLM: Go ahead, Mr. Blow.

MR. BLOW: My only point on this is when Your Honor made the ruling that we should proceed by discovery -- and obviously we didn't do that beforehand, we were trying to understand other things in the rebuttal and so on and so forth, and we just can't do everything at one time, so...

JUDGE STOCKHOLM: Understood. No derogation intended.

MR. BLOW: Right. When Your Honor ruled that we should proceed by discovery, we sent out a discovery request on -- actually, it was the 18th. And I'm not accusing the company of being untimely under the rules, but -- the company was timely under the rules, however, under the circumstances and given the potential prejudice and so on, and so forth, it would have seemed appropriate for the company to -- and I asked, in fact, that -- in my discovery, in the letter that I sent, the transmittal letter -- that the company respond as soon as possible, given the -- given your ruling of the 16th. And I assume -- I don't remember Mr. Laniado's letter,

but I assume it said something similar.

In any case, the company took the full day -- number of days allowed under the rules and provided some information, I will grant you that. But, as Mr. Laniado said, basically told us that the guts of the model are proprietary and there's no way we could look at it.

So they could have said that on -- within a couple of days of the -- of our discovery request, but that would have permitted you to, Your Honor, to consider a renewed motion to strike much earlier, and obviously the company didn't want that to happen.

MR. SINGER: That's a mischaracterization. You know, we are in hearings, just as everyone else is, and we are trying to respond to multiple discovery requests as these hearings go on.

In addition, the witnesses are -- they have other responsibilities also. So we tried to get them to, you know, respond as soon as possible, and personally I think we got the responses -- to get the responses out in ten days while we're sitting here during hearings is, you know, it was difficult to do. And, as I said, these are not the only discovery requests that we're responding to.

Just as LIPA and the staff say that they didn't want to file their discovery sooner, I think that's a similar situation to us being able to respond with -- earlier than the ten-day period.

In addition to that, we haven't told -- we answered all of staff's interrogatory requests. We didn't tell them that the guts were proprietary. The only request that we did not respond to was the request by LIPA for the input files to the Aurora model.

I don't see how they could have made any use of them because they don't have a license to run Aurora. So, you know, we responded to them that it wouldn't be worthwhile to provide them the input files if they don't have a license to run the model.

In addition, Mr. Laniado said that the Aurora model was not benchmarked against anything. The question was, had the Aurora model forecast ever been benchmarked to GE MAPs forecasts, and the answer was their -- the witnesses are not aware of any of that benchmarking.

It wasn't a refusal to provide any benchmarking. It was a response to their direct question about whether the model had been benchmarked against GE MAPs. So I don't see that as a refusal to

provide any information with respect to benchmarking.

JUDGE STOCKHOLM: Isn't the Aurora program a GE program?

MR. SINGER: No, it's not.

JUDGE STOCKHOLM: I thought it was. I thought it was also produced by GE.

MR. SINGER: No, I don't believe so. There was a document that we put in the response to the motions that indicated that the developers of Aurora were working with GE MAPs on a joint venture to, I believe, try to coordinate the two separate programs, but it's a separate program.

JUDGE STOCKHOLM: Sounds like there ought to have been benchmarking done somewhere, but in any event.

MR. LANIADO: Your Honor, can I just correct something that Mr. Singer said. There were two questions that staff posed. Actually, they posed a number of questions, but with respect to the benchmarking --

JUDGE STOCKHOLM: Okay. Time out. I'm not going to issue a ruling today striking or not striking. I will take into -- I will have marked for identification the responses that you made reference to, Mr. Laniado.

These witnesses are going to be on the stand, in any event, regardless of what happens with regard to this specific piece of their testimony, so I think that we can go on.

But before anything -- before anything is even possible, you have to mark those interrogatory responses for identification. Then we're going to proceed with cross-examination of this panel. Then we're going to go from there.

In terms of cross-examination, I'm sorry, but you have to do your best. The schedule is not within my hands.

MR. SINGER: Can I just make one other point with respect to this, and that is the witnesses are not going to be available on Thursday. They'll be here Friday as scheduled.

JUDGE STOCKHOLM: Friday as scheduled. Okay. You have another evening.

MR. LANIADO: Well, Your Honor, don't -- aren't there witnesses coming up later in the schedule, you know, a week or two from now? Meaning if there are problems cross-examining them on Friday, could these witnesses be returned to the witness stand?

JUDGE STOCKHOLM: Well, I mean, I could ask

them to come back, but what is -- what is the schedule?

MR. SINGER: Dr. Lesser and Mr. Puga are scheduled for Friday of this week. Monday the 6th is Panel C and Mr. Hieronymus. I don't believe Lesser and Puga were planning on staying around.

MR. LANIADO: No. No. I was -- I thought we had hearings scheduled after the week of the 6th. Am I --

JUDGE STOCKHOLM: Yes, we do.

MR. SINGER: Those aren't any of our witnesses.

JUDGE STOCKHOLM: Right. Oh, now I understand what you're asking. You want to bring them back.

MR. LANIADO: If we have to, or just postpone them ab initio.

JUDGE STOCKHOLM: Why don't you mark the exhibits and we'll consider it further.

MR. LANIADO: Thank you.

JUDGE STOCKHOLM: Mr. Laniado, do you have copies right now, or do you want to do this later?

MR. LANIADO: I'll have to do that later, Your Honor.

JUDGE STOCKHOLM: Okay. That's fine.

I think our next panel is NYISO.

STEVEN COREY and JOHN BUECHLER, after first having been duly sworn, were examined and testified as follows:

JUDGE STOCKHOLM: Please be seated and give your name to the reporter.

(Corey) Steven Corey.

(Buechler) And John Buechler.

MR. SALTARELLI: Thank you, Your Honor.

DIRECT EXAMINATION

BY MR. SALTARELLI:

Q. Mr. Corey, have you submitted sworn written direct testimony and rebuttal testimony in this proceeding?

A. (Corey) I have.

Q. And have you sponsored exhibits in connection with that testimony which has been marked as SLC 1 through SLC 5?

A. (Corey) Yes.

Q. And do you have any corrections to your written direct testimony or rebuttal testimony today?

A. (Corey) No.

MR. SALTARELLI: Okay. Your Honor, is it the intent to have the witnesses testify sort of in

tandem as a panel? I'm just not certain.

JUDGE STOCKHOLM: Our general rules with regard to panels are that questions can be posed to the panel. The panel can decide who to answer it. The two panelists can talk to each other.

And if Counsel wants a specific answer from a specific question, Counsel is entitled to get that, although that doesn't preclude the other witness from also providing information. That's generally how the panels have run.

MR. SALTARELLI: Okay, Your Honor. Then I'll --

JUDGE STOCKHOLM: And you've identified -- I apologize. I wasn't listening. You identified whose testimony?

MR. SALTARELLI: Mr. Corey's testimony. And I can also at this point just for convenience do the same with Mr. Buechler.

JUDGE STOCKHOLM: Please.

BY MR. SALTARELLI:

Q. Okay. Mr. Buechler, have you submitted sworn written direct testimony in this proceeding?

A. (Buechler) Yes.

Q. And have you sponsored exhibits in connection

with your testimony which have been marked as JPB 1 through JPB 8?

A. (Buechler) Yes, I have.

Q. And, Mr. Buechler, today do you have any corrections with respect to your written direct testimony?

A. (Buechler) One correction.

Q. Okay. Can you refer us to the page and line that you're referring to?

A. (Buechler) Yes. In my direct testimony, page 31, line 21.

Q. And can you read the statement that you're referring to and the correction for the record.

A. (Buechler) All right. I'll read the full sentence, beginning on line 20 through 22.

"As a participant in the NYISO's governance process, NYRI is eligible to vote on the CARIS report" -- CARIS, C-A-R-I-S -- "at the NYISO business issues committee and management committee."

The correction is -- as corrected, the sentence would read, "As a participant in the NYISO's governance process, NYRI may become" -- strike "is" -- "eligible to vote on the CARIS report," et cetera.

Q. Yes. Will you be submitting a corrected or an

amended written testimony to that effect?

A. (Buechler) Yes.

JUDGE STOCKHOLM: No, we don't need to do that, Counselor.

MR. SALTARELLI: Okay.

JUDGE STOCKHOLM: What we wanted to know first was, was the testimony on the CD that you gave us corrected?

MR. SALTARELLI: It is not, Your Honor. And that's why I would -- I would submit a new CD.

JUDGE STOCKHOLM: Yes, if you could submit a new CD, that would -- I realize that it's a pain in the butt, but --

MR. SALTARELLI: Not a problem. But the written testimony, it's not necessary?

JUDGE STOCKHOLM: No. The written testimony, we can make -- handwritten change is fine.

MR. SALTARELLI: Thank you.

BY MR. SALTARELLI:

Q. Mr. Buechler, other than the correction you just testified about, is there any other corrections or amendments to your testimony?

A. (Buechler) No, there is not.

MR. SALTARELLI: At this time, Your Honor,

the witnesses are available for cross-examination.

JUDGE STOCKHOLM: The prefiled testimony as described by the witnesses will be copied into the record as though given orally.

(The following is the prefiled direct and rebuttal testimony of Steven Corey and the direct testimony of John Buechler:)

NEW YORK STATE
PUBLIC SERVICE COMMISSION

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DIRECT TESTIMONY OF STEVEN L. COREY
ON BEHALF OF THE
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Steven L. Corey. My business address is: New York Independent System Operator, Inc. ("NYISO"), 10 Krey Blvd., Rensselaer, NY 12144.

Q. WHAT IS YOUR CURRENT POSITION?

A. I am the Manager of Interconnection Projects for the NYISO.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I hold a Bachelor of Science degree in Electrical Engineering from the Clarkson College of Technology (now Clarkson University), and a Master of Engineering degree in Electrical and Computer Engineering, also from Clarkson.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL WORK EXPERIENCE.

A. I have held the position of Manager of Interconnection Projects for three years. Prior to that, I held the position of Manager of Transmission Planning for the NYISO for approximately six years, beginning when the NYISO first was established in November 1999. For eight years prior to that, beginning in 1991, I held a comparable position, Manager of Transmission Planning, with the New York Power Pool ("NYPP"), the predecessor to the NYISO. While Manager of Transmission Planning, I also served as the NYPP, then NYISO, representative on the Northeast Power Coordinating Council's ("NPCC") Task Force on System Studies from 1991 through 2005, and served as chairman of that group for the last six years of that period. I joined the NYPP in 1974, directly after my graduation from Clarkson. I held a variety of technical and management positions of increasing responsibility at the NYPP (Analyst-Computer Applications 1974-1978, Senior Analyst-Computer

Applications 1979, Supervisor of Computer Applications 1980–1985, Manager of Operations Engineering 1985-1991, Manager of Transmission Planning 1991-1999).

Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER OF INTERCONNECTION PROJECTS FOR THE NYISO?

A. As Manager of Interconnection Projects, I am responsible for overseeing the administration of the NYISO's interconnection process and certain transmission expansion studies.

My work includes various activities that support or affect these studies such as: development of criteria, standards, guidelines and procedures; development and application of various analytical tools; and coordination and development of various models and databases. In carrying out this work, I participate on various committees and groups within the NYISO, including the Transmission Planning Advisory Subcommittee ("TPAS") and the Operating Committee ("OC").

Q. WHAT EXPERIENCE DO YOU HAVE THAT RELATES TO THE NYISO INTERCONNECTION PROCEDURES?

A. I have been involved in the development, implementation and administration of the NYISO's interconnection process since its inception. I was involved in the development the NYISO's current procedures, including the Large Facility Interconnection Procedures ("LFIP") and Small Generator Interconnection Procedures, which are contained in the NYISO's Open Access Transmission Tariff ("OATT")—as Attachments X and Z , respectively. I also have been involved in each step of the development, implementation and administration of Attachment S of

the OATT, the Rules to Allocate Responsibility for the Cost of New Interconnection Facilities ("Attachment S").[1]

I was also involved in the development of the Transmission Expansion and Interconnection sections of the NYISO OATT. In 2000, I was involved in the development and writing of the NYISO System Reliability Impact Study ("SRIS") Criteria and Procedures.[2]

I am the primary NYISO staff member on TPAS. This stakeholder group has primary responsibility for assisting NYISO Staff regarding the implementation of the NYISO's interconnection procedures. I often present study reports, proposals and recommendations to the NYISO OC on behalf of TPAS, and I have often presented the NYISO staff position on interconnection and cost allocation matters to the OC, Business Issues Committee, Management Committee, and Board of Directors.

Q. YOU HAVE MENTIONED A NUMBER OF COMMITTEES. PLEASE BRIEFLY DESCRIBE THE NYISO OPERATING COMMITTEE AND TPAS.

A. The NYISO OC is one of the three primary committees that participate in the NYISO governance. The OC membership includes representatives from all five stakeholder sectors (Generation Owners, Transmission Owners, Other Suppliers, End Use Consumer, and Public Power), and committee decisions are made through the FERC-approved weighted voting process. Under that voting process, the OC must approve a motion by at least a vote of 58% for a motion to pass. The OC is responsible for

[1] Attachments S and X of the NYISO OATT are submitted herewith as Exhibit __ (SLC-1) and Exhibit __ (SLC-2), respectively.

[2] The SRIS Criteria and Procedures are submitted herewith as Exhibit __ (SLC-3).

operational and reliability related matters, which include administration and approval of certain interconnection study scopes and studies and procedures related to proposed projects. Specifically, the OC has approval authority for SRISs and the Class Year Interconnection Facilities Studies ("Class Year Study").

The TPAS is one of the subcommittees that reports to the OC. TPAS reviews and comments on transmission and interconnection-related studies and assessments performed by the NYISO staff, including SRISs and Class Year Studies. Like other subcommittees, working groups and task forces of the NYISO, the TPAS functions in a less formal manner than the primary committees with decision making by consensus. Also, like the other subcommittees and working groups, the TPAS does not have formal approval authority in most matters. Rather, the role of TPAS is to report and make recommendations for action to the OC.

Q. ON WHOSE BEHALF ARE YOU PROVIDING TESTIMONY IN THIS PROCEEDING?

A. I am providing testimony on behalf of the NYISO.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is threefold. First, I will describe the NYISO's interconnection study process. Second, I will describe NYRI's status in the NYISO's interconnection study process. Finally, I will summarize the conclusions of NYRI's most recently completed interconnection study. Unless stated otherwise in my testimony, capitalized terms have the meanings contained in the NYISO's OATT, in

Attachments S or X to the OATT, or in the NYISO Market Administration and Control Area Services Tariff ("Services Tariff").

Q. CAN YOU PLEASE DESCRIBE THE NYISO'S INTERCONNECTION STUDY PROCESS?

A. The NYISO's interconnection processes focus on whether and how a new facility can reliability interconnect to the New York State Transmission System. There are up to three interconnection studies required for a proposed project under the LFIP: the Interconnection Feasibility Study, the SRIS, and the Class Year Study. These studies evaluate, with an increasing level of detail, the electrical impact of the proposed project on the transmission system. The studies also provide information regarding any additional facilities that are needed for the reliable interconnection of the project under the NYISO's Minimum Interconnection Standard. These facilities include the Transmission Owner's Attachment Facilities, which are the facilities owned by the Transmission Owner that connect the proposed project to the transmission system, and System Upgrade Facilities, which are required upgrades to the existing, integrated transmission system. Each interconnection study bases its analysis on a defined set of base cases that represent snapshots of the system, both before and after the proposed project, that are determined at the commencement of that study. The first study performed after a Developer submits an Interconnection Request is usually the Interconnection Feasibility Study. A Developer may forego an Interconnection Feasibility Study only if the NYISO, Developer and connecting Transmission Owner all agree. Power flow and short circuit analyses are performed in this study, which provides a preliminary evaluation of the feasibility of the proposed interconnection to

the transmission system.[3] This study provides a preliminary identification of Transmission Owner's Attachment Facilities and System Upgrade Facilities, as well as a good faith cost estimate of those facilities.

Next, upon the completion of the Interconnection Feasibility Study, the NYISO develops a scope for the SRIS. The SRIS scope for each project must be approved by the OC. In the SRIS, power flow, short circuit and stability analyses are performed to evaluate in further detail the impact of the proposed project on the reliability of the transmission system.[4] For projects larger than 80 megawatts ("MW") in size, the study evaluates the impact of the proposed project on interface transfer limits based on the most limiting of the thermal, voltage, and stability criteria.[5] The SRIS also identifies the Transmission Owner's Attachment Facilities and System Upgrade Facilities and provides a good faith cost estimate of those facilities.

Finally, following the completion and approval of the SRIS, the NYISO performs an Interconnection Facilities Study for a Class Year[6] of proposed projects, known as the Class Year Study. Projects must meet two milestones for entry into a Class Year: NYISO Operating Committee approval of the SRIS and a "regulatory" milestone.[7] This study is the most detailed and comprehensive of the three interconnection studies and reevaluates system performance using base case assumptions updated from those used in the SRIS. Through this study, the NYISO identifies the System Upgrade

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3 Sect. 6.2 of Attachment X.

4 Section 7.3 of Attachment X.

5 SRIS Procedures at 1.

6 The Class Year, as defined in Attachment S to the OATT, is a group of proposed projects included in any particular Annual Transmission Reliability Assessment.

7 The regulatory milestone required depends on the type of project proposed. For a transmission project subject to Article VII, the applicable milestone is the notice that the submitted application is complete under Article VII. Attachment S at Fourth Revised Sheet No. 674.

Facilities required to interconnect reliably the entire group of Class Year projects and allocates the cost of those upgrades among the Class Year projects based on the *pro rata* impact of each project. Upon completion of this study, each Developer is obligated to make a financial commitment related to the System Upgrade Facilities required for its project in order to move forward in the interconnection process. Under the LFIP and Attachment S, Developers are responsible for the full cost of Attachment Facilities, as well as the project's allocated share of the cost of System Upgrade Facilities.

Q: PLEASE DESCRIBE THE MINIMUM INTERCONNECTION STANDARD.

A: Under this standard, proposed projects are evaluated to determine whether and how they can interconnect with the transmission system in compliance with relevant reliability standards. These standards include, but are not limited to, New York State Reliability Counsel ("NYSRC") Reliability Rules, North American Electric Reliability Corporation ("NERC") Planning Standards, and NPCC criteria. It is important to note that under the Minimum Interconnection Standard a potentially adverse reliability impact that can be "managed through the normal operating procedures of the NYISO and/or [connecting Transmission Owner] will not be identified as a degradation of system reliability or noncompliance with the NERC, NPCC, or NYSRC reliability standards."[8] If the adverse reliability impact cannot be managed through normal operating procedures, a System Upgrade Facility will generally be identified to mitigate the adverse impact. Under the Minimum Interconnection Standard, only reliability impacts are evaluated; interconnection

[8] SRIS Criteria and Procedures at 4.

studies, under the provisions of the NYISO Tariff, do not assess the economic impacts of a proposed project.

Q: WHAT IS NYRI'S STATUS IN THE NYISO'S INTERCONNECTION STUDY PROCESS?

A. NYRI submitted an Interconnection Request under the LFIP on May 13, 2005. The NYISO assigned NYRI Queue Position 191. After NYRI submitted its Interconnection Request, a Interconnection Feasibility Study was performed and completed on June 22, 2006. On September 14, 2006, the OC approved the study scope for the NYRI SRIS pursuant to Section 7.3 of Attachment X of the OATT.

The NYRI SRIS was conducted, and NYISO staff recommended approval of the SRIS to the appropriate NYISO stakeholder groups, including TPAS and the OC.

On May 22, 2008, the OC denied approval of the NYRI SRIS by a vote of 53.55% (just short of the 58% vote required for approval). On May 30, 2008, NYRI appealed the OC's denial of the NYRI SRIS to the Management Committee and requested that the Management Committee overturn the OC's decision, thereby approving the NYRI SRIS. The NYISO determined that NYRI did not have proper standing to appeal the decision as it was not at the time a member of the Management Committee. Thus, NYISO exercised its right to appeal the OC's denial to the Management Committee in order to afford a full vetting of the NYRI SRIS through the NYISO governance

process. 9 On June 27, 2008, the Management Committee approved the NYRI SRIS by a vote of 84.25%.

Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities appealed the Management Committee's decision to approve the NYRI SRIS to the NYISO Board of Directors ("the Appeal"). On August 27, 2008, the NYISO Board denied the Appeal, upholding the approval of the NYRI SRIS.[10]

NYRI has not yet commenced a Class Year Study to determine the exact configuration of system changes that will be needed to interconnect its proposed new transmission line. NYRI is qualified to become a member of Class Year 2009, the study for which is scheduled to commence on March 1, 2009.

Q: WHAT ARE THE CONCLUSIONS OF THE NYRI SRIS?

A: The conclusions of the NYRI SRIS are discussed in detail within that study report. I would note that the overall conclusion of the SRIS is that NYRI meets the NYISO Minimum Interconnection Standard and can be interconnected and operated within all applicable NERC, NPCC, and NYSRC reliability criteria. Below, I will summarize the SRIS's other primary conclusions:

1. Changes were made to the NYRI project to include upgrades at both the northern and southern interconnecting substations as a result of this study.
2. The estimated cost of the System Upgrade Facilities and time to construct were determined to be $12,700,000 and 24 months for the north (National

[9] Section 7.03 of the ISO Agreement gives the right of appealing an action of the Management Committee to "any party on the Management Committee and the ISO Representative."

[10] The NYISO's Board of Directors' Decision is submitted herewith as Exhibit __ (SLC-4).

Grid) end, and $26,115,000 and 36 months for the south (Central Hudson Gas and Electric Corp.) end.

3. Power flow analysis identified that NYRI at full output would result in post-contingency overloads on both the 345 kV and 138 kV systems near the southern end of NYRI under the initial base case conditions. However, further analysis determined that the overload on the 345 kV system could be mitigated by a redispatch of generation in the case, with generation reductions at the Roseton and Danskammer plants. The 138 kV system overloads in the Shoemaker-Chester-Sugarloaf area were determined to be pre-existing, but exacerbated by NYRI, so upgrades of selected transmission facilities in that area may be necessary. This need will be determined in the Class Year Study.

4. Post-contingency overloads were also identified in the areas to the north and west of the northern end of NYRI under the initial assumed base case conditions, but those overloads can be readily mitigated by a redispatch of generation in those areas.

5. NYRI includes equipment and/or upgrades at both ends that would mitigate any potential adverse voltage impacts of the project.

6. Stability analysis indicated that the system was stable for the design criteria contingencies tested. A clearing time assessment indicated that NYRI did not affect the critical clearing time at the southern end, but appeared to reduce the critical clearing time from 12 cycles to 7 cycles at the northern end. It is recommended that National Grid evaluate this with regard to the capabilities of the protection in the area in the Class Year Study.

7. Short circuit analysis indicates that NYRI would not cause lowest breaker ratings to be exceeded within the study area.

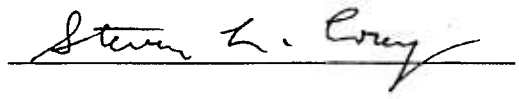
8. Transfer limit analysis indicated that, for summer peak conditions, NYRI resulted in normal and emergency limits for Total East, UPNY-SENY, and Volney East increasing by approximately 1,200 MW (the size of the project). The Moses South interface emergency limit increased by about 350 MW and UPNY-ConEd normal and emergency limits increased by a small amount. NYRI's impact on all other interfaces was negligible.

9. The NYISO will need to have operational control over the NYRI project so that the NYISO can determine the maximum safe level of output as necessary to avoid any adverse impact of the project on the reliability of the New York State Transmission System, consistent with standard NYISO and applicable Transmission Owner operating procedures and practices.

The SRIS report also indicates that: (1) NYRI and associated interconnection facilities will be designed in accordance with all the Applicable Reliability Standards; (2) any potential equipment overduty, low voltage, or thermal overload conditions will be re-evaluated, identified and mitigated prior to interconnection or during the Class Year Study, whichever comes first; and (3) deliverability standards, if any, applicable to NYRI will be as determined in FERC Docket Nos. ER04-449-003, ER04-449-007, and ER04-449-008.

Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

A. Yes, it does.



Steven L. Corey

Sworn to before me this 9th day of January, 2009 in the City of Rensselaer, County of Rensselaer, New York:

Carl F. Patka
Notary Public
AFFIX SEAL:

CARL F. PATKA
Notary Public - State of New York
No. 4962209
Qualified in Albany County
My Commission Expires Feb. 12, 2010

NEW YORK STATE
PUBLIC SERVICE COMMISSION

Application of New York Regional Interconnect, Inc. for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII for a High Voltage Direct Current Electric Transmission Line Running Between National Grid's Edic Substation in the Town of Marcy, and Central Hudson Gas & Electric's Rock Tavern Substation Located in the Town of New Windsor.	**Case: 06-T-0650**

REBUTTAL TESTIMONY OF STEVEN L. COREY ON BEHALF OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Steven L. Corey. My business address is: New York Independent System Operator, Inc. ("NYISO"), 10 Krey Blvd., Rensselaer, NY 12144.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to respond to certain issues raised in the prepared testimony submitted by Michael Forte in this proceeding on behalf of Consolidated Edison Company of New York, Inc. ("Con Edison").

Q. DO YOU AGREE WITH MR. FORTE'S STATEMENT (AT 12) THAT DATA USED IN THE NYRI SRIS WAS "AS OLD AS FIVE YEARS?"

A. No. The base cases utilized for the NYRI SRIS were based on the 2005 FERC 715 power flow cases, updated to reflect projects above NYRI in the interconnection queue and other updates provided by the Transmission Owners. And, since the NYRI SRIS base cases were prepared by the NYISO and provided to NYRI's consultant in September 2006, it is unclear how the data in those cases could be considered five years old.

Q. MR. FORTE (AT 12) IDENTIFIES THE CAPACITOR BANK AT MILLWOOD AS AN EXAMPLE OF A RECENT CHANGE TO THE NEW YORK STATE SYSTEM. WAS THE CAPACITOR BANK AT MILLWOOD PROPERLY EXCLUDED FROM THE NYRI SRIS BASE CASES?

A. Yes. The SRIS study scope for the NYRI project was approved by the NYISO Operating Committee in September 2006. The NYISO's records indicate that it provided the base cases to NYRI's consultant to perform the SRIS analysis on September 28, 2006. The Millwood capacitor bank is actually associated with the Athens Special Protection System ("SPS") that was studied through a System Impact Study ("SIS"). The study scope for that SIS was approved by the NYISO Operating Committee in October of 2006. Also, the Millwood capacitor bank was not included as part of the initial Athens SPS project, but was later identified during the course of the Athens SIS. The Athens SIS was approved by the Operating Committee in January 2007. The NYISO's practice for transmission projects that result from an SIS request, such as the Athens SIS, is to consider modeling the project for SRISs commenced only after the Operating Committee has approved the SIS. Therefore, the Millwood capacitor bank was properly excluded from the NYRI SRIS base cases.

Q. WOULD THE INCLUSION OF THE CAPACITOR BANK AT MILLWOOD IN THE NYRI SRIS BASE CASE HAVE ALTERED THE CONCLUSIONS OF THAT STUDY?

A. No. Even if the Millwood capacitor bank was modeled in the NYRI SRIS base case, the conclusions of that study would not have been altered. The NYISO conducted an internal analysis to evaluate the potential impact of this and several other claims asserted by Con Edison in its Notice of Appeal to the NYISO Board of Directors concerning the approval of the NYRI SRIS. While the NYISO did not agree with all the claims raised by Con Edison in its Notice of Appeal, the

internal analysis was performed making the changes to the base case suggested by Con Edison. The results of this analysis show that the UPNY-ConEd voltage limit would be increased by about 200 megawatts ("MW"), but would remain the controlling limit under the modified study assumptions.[1] Additionally, even if the thermal limit were the controlling limit, under the Minimum Interconnection Standard, the 500 MW impact of the NYRI project on the thermal limit would not have been identified as an adverse reliability impact because the potential adverse reliability impact indicated by the approximately 500 MW reduction in the UPNY-ConEd thermal limit can be managed through the normal operating procedures of the NYISO. Please refer to my direct testimony (at 8) for a discussion of the Minimum Interconnection Standard.

Q. MR. FORTE MAKES A STATEMENT CONCERNING THE OPTIMIZATION OF TRANSFERS (AT 13). DO THE NYISO'S SRIS PROCEDURES REQUIRE THE OPTIMIZATION OF TRANSFERS IN ORDER TO MAXIMIZE TRANSFER LIMITS?

A. No. Nothing in the NYISO's SRIS procedures requires that the transfers be optimized.

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[1] The NYISO's internal summary of this analysis is submitted herewith as Exhibit __ (SLC-5).

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes. It does.

Steven L. Corey

Sworn to before me this 2nd day of March, 2009 in the City of Rensselaer, County of Rensselaer, New York:

Diane Egan
Notary Public
AFFIX SEAL:

DIANE L. EGAN
Notary Public, State of New York
Qualified in Schenectady County
No. 4924890
Commission Expires March 21, 20 10

STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

Application of New York Regional Interconnect, Inc. for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII for a High Voltage Direct Current Electric Transmission Line Running Between National Grid's Edic Substation in the Town of Marcy, and Central Hudson Gas & Electric's Rock Tavern Substation Located in the Town of New Windsor.	)	**Case: 06-T-0650**

REVISED DIRECT TESTIMONY OF JOHN P. BUECHLER ON BEHALF OF NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is John P. Buechler. My business address is: 6 North Candlewood Path, Dix Hills, NY, 11746

Q. WHAT IS YOUR CURRENT POSITION?

A. I am President of John P. Buechler Consulting, Inc. and currently serving, under contract, as Executive Regulatory Policy Advisor to the New York Independent System Operator, Inc. (NYISO).

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I hold a Bachelor's degree in Electrical Engineering from Manhattan College and a Master of Science degree in Management, from the Polytechnic Institute of New York.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL WORK EXPERIENCE.

A. I have over 40 years of experience in the electric power industry, with responsibilities for management of both engineering and planning organizations. For the past eight years, I have been serving, under contract, as Executive Regulatory Policy Advisor to the NYISO. During that time, from December 1999 through January 2004, I was employed by KEMA Consulting as Senior Executive Consultant with responsibility for restructuring and regulatory issues impacting the electric power industry, including Independent System Operator (ISO), Regional Transmission Operator (RTO) and Transco development. From May 1998 through December 1999, I was the Project Managing Director of the NYISO Project for the Member Systems of the New York Power Pool (NYPP), in which capacity my responsibilities included the

day-to-day management of all aspects of the transformation of the NYPP into the NYISO. In that capacity, I also participated actively in the development of various filings at the Federal Energy Regulatory Commission (FERC), including the tariffs and organic agreements that are now the NYISO's governing documents.

Prior to my responsibilities to the NYISO, I was Manager of Integrated Resource Planning at Long Island Lighting Company (LILCO) where I was responsible for federal and state regulatory developments concerning open access, competition and restructuring. I had a lead role in the negotiations leading to the acquisition of LILCO's electric transmission and distribution systems and other assets by the Long Island Power Authority as a precursor to the merger of LILCO and Brooklyn Union Gas into the KeySpan Corporation.

In my 30 year career with LILCO, I held various managerial positions, principally in areas associated with Corporate and Strategic Planning and in the Office of Engineering. I participated on numerous Committees at the NYPP in the areas of planning, operations and the environment and have chaired various NYPP groups responsible for the development of joint positions before regulatory agencies. I also served as LILCO's representative at the Northeast Power Coordinating Council (NPCC), a member of the Edison Electric Institute's (EEI) Transmission Policy Task Force, and a member of the Power Systems Planning and Operations Advisory Committee of the Electric Power Research Institute (EPRI).

Q. WHAT ARE YOUR RESPONSIBILITIES AS EXECUTIVE REGULATORY POLICY ADVISOR FOR THE NYISO?

A. In my capacity as Executive Regulatory Policy Advisor for the NYISO, I provide advice and analysis to the NYISO's President and Chief Executive Officer, other Officers of the NYISO and staff who report to those Officers, and Members of the Board of Directors on key federal and state regulatory issues, especially regarding planning, operations and competitive markets, as well as tariff, market, and rate design issues. During my consulting tenure with the NYISO, I also served as the first Director of Regulatory Affairs from 2000 through 2002 and as Acting Vice President of Market Structures during 2005 and 2006.

Q. WHAT EXPERIENCE DO YOU HAVE THAT RELATES TO THE NYISO'S COMPREHENSIVE SYSTEM PLANNING PROCESS?

A. During my tenure with LILCO, from 1983 through 1998, I held various management positions with planning responsibilities for the electric power system on Long Island, including long-range planning for the generation, transmission and distribution systems as well as the administration of the company's Research & Development program for both the electric and gas systems. I was responsible for the development and filing of LILCO's Open Access Transmission Tariff (OATT) in response to FERC Order 888, and with the development, filing and support of LILCO's Electric Integrated Resource Plans with the New York State Public Service Commission (PSC).

At the NYISO, I have been involved in the development and implementation of the NYISO's planning processes since its inception. I was responsible for leading the

development of the NYISO response to FERC Order 2000, which included the development of the initial proposal for a bulk electric system planning process. During 2003 and 2004, I led the NYISO's collaborative stakeholder process with the Electric System Planning Working Group to develop and file the initial Comprehensive Reliability Planning Process (CRPP) for approval with FERC. The CRPP has been the basis for bulk power system reliability planning in New York for the past four years. Also during that same period, I was responsible for the development and filing of the NYISO's response to FERC Order 2003, which defines the requirements for the NYISO's interconnection process. Upon the issuance of FERC Order 890, which, among other things, established formal requirements for a regional bulk power system planning process for all transmission providers, I had the lead responsibility, working through the NYISO stakeholder process, for the development of NYISO's compliance filings. Those filings expanded the NYISO CRPP planning processes to incorporate the Transmission Owners' Local Transmission Planning Process, to include provisions for cost allocation and cost recovery for projects needed for reliability, and to establish an economic planning process to analyze projects to relieve congestion on the transmission system. That filing was conditionally approved by FERC on October 16, 2008. I am currently assisting the NYISO in the development of the detailed procedures required to implement the new economic planning process under Order 890.

Q. HAVE YOU DEVELOPED AND PROVIDED TESTIMONY IN PREVIOUS REGULATORY PROCEEDINGS?

A. Yes. An integral part of my role as Manager of Facilities Planning and later, Integrated Resource Planning, for LILCO was to develop, recommend and support LILCO policy positions in numerous state and federal regulatory proceedings. My responsibilities included the preparation of extensive analyses, including detailed engineering and economic analyses, as well as the preparation and provision of testimony to support LILCO's positions. Further, I was responsible for the preparation and support of testimony in numerous cases before the New York State Public Service Commission, including: various LILCO Electric Rate Cases; Shoreham Alternative Plan; LILCO Rate Moderation Plan; Shoreham, Jamesport, New Haven, and Nine Mile Point Unit No. 2 prudence proceedings; Competitive Opportunities Proceeding; Load Pockets/Market Power proceeding; Retail Access; Integrated Resource Planning (Electric & Gas); Conservation/Least Cost Planning; Generation Capacity Bidding; Long Run Avoided Costs/Short Run Avoided Costs; Environmental Externalities; Renewable Resources and Transmission Wheeling.

Before the FERC, I have developed strategy, policy recommendations and analyses to support LILCO, NYPP and industry positions involving various open access and industry restructuring issues, including: Open Access Notice of Proposed Rulemaking (NOPR) and Order 888; Open Access Tariff; Transmission Pricing; Stranded Costs; Jurisdictional Issues re: Wholesale and Retail Access; Section 211/212 Wheeling Issues; Power Pooling/ ISOs; NYISO tariff filings. I presented testimony before the FERC, on behalf of the NYISO, in support of the recovery of

NYISO start-up costs (Dockets ER99-4235-000 and ER00-798-000) as well as in support of the conformance of certain pre-existing wheeling agreements to the provisions of the NYISO Tariff (Docket Nos. ER9-1523-011, OA 97-270-010 and ER97-4234-008).

Q. ON WHOSE BEHALF ARE YOU PROVIDING TESTIMONY IN THIS PROCEEDING?

A. I am providing testimony on behalf of the NYISO.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is three-fold. First, I will provide an overview of the NYISO's Comprehensive System Planning Process (CSPP). Second, I will describe the NYISO's CRPP and the treatment of NYRI's submissions in the CRPP. My testimony on the CRPP will have three parts: (a) initially, the testimony will discuss the NYISO's CRPP in general terms; (b) then I will describe the NYISO's analysis of the NYRI project as an Alternative Regulated Solution in the 2007 and 2008 Comprehensive Reliability Plans, and the current status of the NYRI project in the NYISO's CRPP; and (c) finally, the testimony will describe the sequence of actions that would have to occur, including selection and certification by the Public Service Commission, for the NYRI project to receive regulated cost recovery as a regulated reliability solution under the NYISO's CRPP. As the third component of my testimony, I will describe the NYISO's Congestion Analysis and Resource Integration Study (CARIS) that is beginning in 2009, and how NYRI should participate in that economic planning process if NYRI desires cost recovery under the NYISO's economic planning process. There will be three sub-parts to this testimony.

Initially, I will describe the CARIS process that was approved by the FERC on October 16, 2008. Then I will describe how the NYISO is implementing that process. Lastly, I will describe how NYRI, if it desires cost recovery under the NYISO's economic planning process, should participate in developing the CARIS process, in the first CARIS, and offer its project as a solution to transmission congestion to seek regulated cost recovery under the economic cost allocation provisions of the NYISO's Tariff. Unless stated otherwise in my testimony, capitalized terms have the meanings contained in the NYISO's OATT, in Attachment Y to the OATT, or in the NYISO Market Administration and Control Area Services Tariff (Services Tariff).

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The NYISO has considered NYRI's project in its CRPP as an Alternative Regulated Solution in the 2007 and 2008 CRPPs. As an alternative regulated solution, the NYRI project could be selected to meet a reliability need under the CRPP only if five things happen: (1) the NYISO has determined that there are insufficient market-based solutions to meet that need and has called upon a Responsible TO to proceed with developing its regulated backstop solution; (2) the Responsible Transmission Owner(s) file for approval of their reliability backstop solution project; (3) NYRI files its project with the PSC to be considered as an alternative to the Responsible Transmission Owner(s)' backstop solution project; (4) the NYISO has determined that the NYRI project will meet the identified reliability need; and (5) the PSC selects NYRI's project to be built instead of the Transmission Owners' project. Thus, the PSC and not the NYISO will ultimately determine whether the NYRI project will move forward pursuant to the New York Public Service Law. If all of the above

events occurred, including the PSC's selection of the NYRI project to proceed instead of the TO's regulated backstop solution, the NYRI project then would be eligible for cost recovery under the NYISO's tariff. To date, the NYISO has not determined that there is a need for a regulated backstop project because there have been sufficient market-based solutions to meet reliability needs. Therefore, NYRI's alternative regulated solution has not been placed before the PSC for consideration as a solution to a reliability need.

The FERC has conditionally approved the CARIS as the NYISO's economic planning process to address transmission congestion on the New York bulk power system. The NYISO will begin to implement the CARIS in 2009. The NYISO's economic planning process represents an appropriate avenue available to NYRI to request an analysis of the costs and benefits of its proposed transmission facility and a determination of whether the project would be eligible to receive regulated cost recovery under the NYISO tariff. In order for NYRI to obtain cost recovery under the economic planning provisions of the NYISO's tariff, NYRI must proceed through the NYISO's economic planning process.

Q. PLEASE DESCRIBE THE NYISO'S COMPREHENSIVE SYSTEM PLANNING PROCESS.

A. The NYISO conducts long-term reliability and economic planning for the New York bulk power system pursuant to regulations and orders adopted by the FERC. The NYISO's CSPP is conducted pursuant to the terms contained in Attachment Y to the NYISO's OATT. Appended hereto as an exhibit is Attachment Y to the NYISO OATT, as approved by the FERC. Exhibit ___ (JPB-1).

The CSPP contains three components. First, the New York transmission owning utilities (TOs) conduct a Local Transmission Planning Process (LTPP) for each individual transmission system, with the opportunity for stakeholder input through the NYISO's stakeholder committee process. Second, the LTPP provides input into the NYISO's CRPP and CSPP. The CRPP is a long-range assessment of both resource adequacy and transmission reliability of the New York bulk power system conducted over a ten-year planning horizon. Third, the NYISO conducts the CARIS economic planning process as part of the CSPP. In the CARIS, the NYISO and its market participants will conduct a series of at least three studies of congestion on the transmission system in New York, including an analysis of the costs and benefits of relieving that congestion.

The NYISO has been conducting the long-term reliability planning portion of its planning process since 2005. The CRPP is now in its fourth cycle, covering the years 2009 to 2018. The formal local transmission planning process is just getting started, although the transmission owners have been participating in the CRPP since it began. The economic planning process contained in the CARIS is a new process, and will begin in spring or summer 2009, after the 2009 Comprehensive Reliability Plan (CRP) is completed.

Q. PLEASE DESCRIBE THE APPROVALS AND THE CURRENT STATUS OF THE NYISO'S COMPREHENSIVE SYSTEM PLANNING PROCESS AT THE FEDERAL ENERGY REGULATORY COMMISSION.

A. On December 7, 2007, the NYISO and the TOs made a compliance filing at FERC containing its proposed CSPP as an amendment to its OATT Attachment Y. That

filing contained three main components. First, the Transmission Owners will conduct a Local Transmission Owner Planning Process that will provide the opportunity for stakeholders to participate in their local planning efforts. Second, the outcome of the Transmission Owners' local plans will form an input into the CRPP. The NYISO filed changes to the CRPP to enhance that process and conform to the FERC's nine "planning principles" contained in FERC Order 890. Third, the CRP will form the basis of a new economic planning process, known as the CARIS, which is described in my testimony below.

After extensive negotiations among the NYISO, the TOs, PSC Staff and other stakeholders, the NYISO and the TOs made a further compliance filing at FERC on June 18, 2008. The tariff amendments provided for cost allocation and recovery for regulated transmission reliability backstop solutions through the NYISO's tariff, and for cost allocation and recovery for regulated generation and demand response backstop solutions through a state regulatory mechanism that is under development among the PSC, the New York Power Authority (NYPA), and the Long Island Power Authority (LIPA). The PSC is addressing the development of cost allocation and recovery methodologies for generation and demand response reliability backstop projects in Case 07-E-1507. On April 24, 2008, the PSC issued in Case 07-E-1507 a "Policy Statement on Backstop Project Cost Recovery and Allocation."

By order issued on October 16, 2008, FERC approved the December 7, 2007 and June 18, 2008 compliance filings on the condition that certain changes be made. FERC determined that the NYISO's CSPP conforms to the nine planning principles that FERC set forth in Order 890. These principles are: (1) coordination among

transmission providers and customers; (2) openness; (3) transparency; (4) information exchange; (5) comparability of treatment across resource types and transmission customers; (6) dispute resolution procedures; (7) participation by New York in regional planning; (8) economic planning studies; and (9) cost allocation and cost recovery for new projects.

The FERC ordered the NYISO to make a further compliance filing by January 14, 2009 to: (i) establish additional procedures to allow stakeholders to participate, at an early stage, in the Transmission Owners' development of plans for their local systems; (ii) make explicit that all stakeholders can participate in the NYISO's planning processes whether they are Market Participants or not; (iii) provide stakeholders the ability to review the details of the NYISO's modeling work; and (iv) describe in more detail the formulas for allocating costs of regulated economic transmission projects. The NYISO is preparing this compliance filing with the TOs and other stakeholders in the NYISO Electric System Planning Working Group (ESPWG) and Transmission Policy Advisory Subcommittee (TPAS).

Q. PLEASE DESCRIBE THE NYISO'S COMPREHENSIVE RELIABILITY PLANNING PROCESS.

A. The CRPP assesses the reliability of the bulk power system and evaluates solutions to reliability needs. A detailed description of the CRPP, including applicable reliability criteria, is contained in the NYISO Manual 26 entitled: "Comprehensive Reliability Planning Process Manual (CRPP Manual)," which is attached hereto as an exhibit. Exhibit ___ (JPB-2). Bulk power system needs are evaluated in accordance with existing reliability criteria of the North American Electric Reliability Corporation

(NERC), the Northeast Power Coordinating Council, Inc. (NPCC), and the New York State Reliability Council (NYSRC). These criteria and a description of the nature of long-term bulk power system planning are described in detail in the CRPP Manual, and are briefly summarized below.

There are two different approaches to analyzing a bulk power system's reliability: adequacy and security. The NYISO incorporates both of these approaches in its reliability planning process. Adequacy is a planning and probabilistic concept. The New York State bulk power system is planned to meet a loss of load expectation (LOLE), a reliability criterion that, at any given point in time, any involuntary load disconnection is not more frequent than once in every 10 years, or 0.1 days per year. A system is adequate if the probability of having sufficient transmission and generation to meet expected demand is less than or equal to the reliability criterion in the LOLE. This requirement forms the basis of New York's installed capacity (ICAP) requirement.

Security is an operating and deterministic concept. This means that possible events are identified as having significant adverse reliability consequences, and the system is planned and operated so that the system can continue to serve load even if these events occur. The NYISO maintains a list of critical elements and most severe contingency events it assesses in determining system security.

The CRPP is anchored in the market-based philosophy of the NYISO and its Market Participants, which posits that market solutions should be the first choice to meet the identified reliability needs. In the event that market-based solutions do not materialize to meet a reliability need in a timely manner, the NYISO designates the

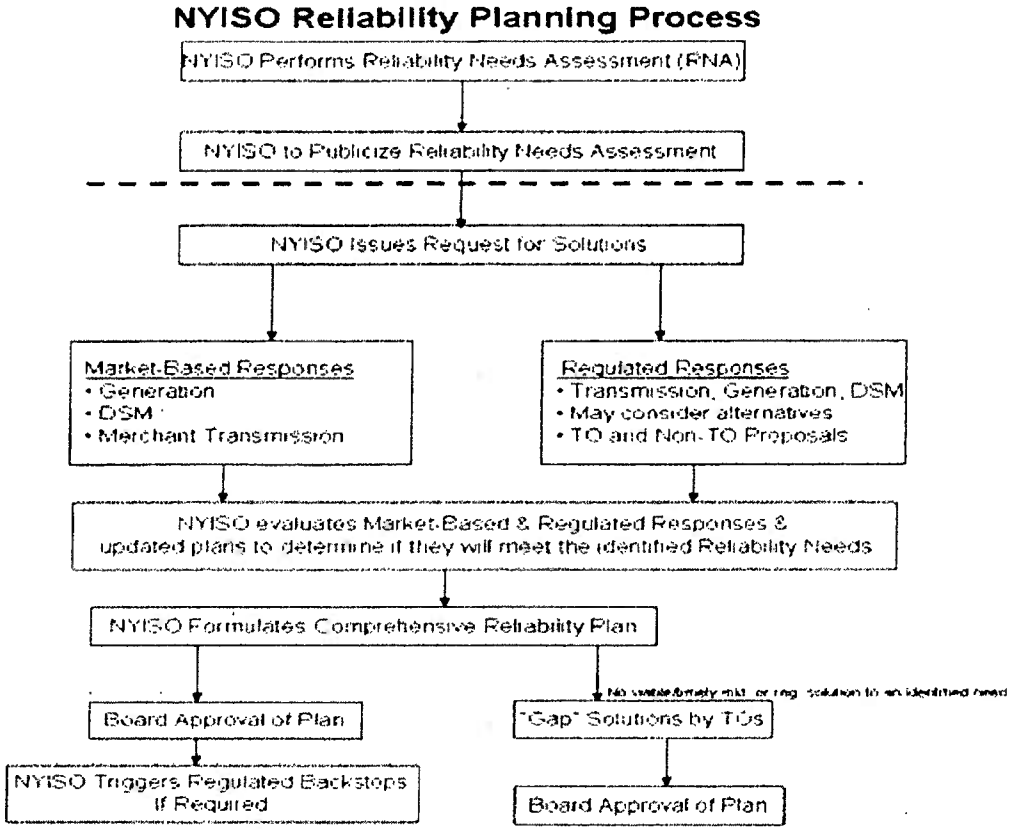
Responsible Transmission Owner(s) to proceed with a regulated backstop solution in order to maintain reliability. Market Participants can offer and promote *alternative regulated solutions* which, if determined by NYISO to help satisfy the identified reliability needs and by regulators to be more desirable, may displace some or all of the Responsible Transmission Owners' regulated backstop solutions.

All types of resources, transmission, demand response and/or generation projects, can be offered as solutions under the CRPP, and the NYISO treats all resource types on a comparable basis. The CRPP does not substitute for the planning that each Transmission Owner conducts to maintain the reliability of its own bulk and non-bulk power systems.

First implemented in 2005, the CRPP is an annual, ongoing process that combines the expertise of the NYISO and its stakeholders to assess the electricity grid's reliability needs and to foster solutions to maintain bulk power system reliability. The first step in the CRPP is the Reliability Needs Assessment (RNA), which evaluates the adequacy and security of the bulk power system over a ten-year Study Period. To determine resource adequacy needs, the NYISO first identifies the amount of resources in megawatts (known as "compensatory megawatts") and the locations in which they are needed to meet those needs. In the second step of the process, the NYISO solicits and evaluates market-based and regulated backstop solutions for the identified needs, and develops a CRP. The RNA and the CRP are developed with the NYISO's stakeholders in the ESPWG and the TPAS. Both are reviewed by the NYISO's Operating Committee and Management Committee. The RNA and the CRP are subject to the final approval of the NYISO's independent Board of Directors.

If the RNA identifies a reliability need in the ten-year Study Period, the NYISO will designate one or more Responsible Transmission Owners who are responsible for developing a *regulated backstop solution* to address the identified need. In addition, the NYISO will solicit *market-based* and *alternative regulated solutions* to address the identified need. Alternative regulated solutions can be proposed by developers who want to offer their projects as an alternative to the regulated backstop solution offered by the Transmission Owners. In the event that the NYISO determines that a regulated solution is needed to maintain reliability, the PSC will decide which projects, among the proposed regulated backstop solutions and the alternative regulated solutions, should be granted a permit and begin construction. While the NYISO has the responsibility to determine that a given proposed solution will, in fact, meet an identified reliability need, it does not select the specific project that gets built to meet a reliability need.

Solutions must satisfy the LOLE resource adequacy criterion. Nevertheless, the solutions evaluated by the NYISO do not have to be in the same amounts or locations identified in the RNA to quantify the reliability needs. There are various combinations of resources and transmission upgrades that could meet the needs identified in the RNA. The following figure summarizes the reliability planning process:



The NYISO has been conducting the CRPP in collaboration with its stakeholders for four years. The NYISO issued CRPs in 2005, 2007 and 2008. The NYISO is in the process of completing the 2009 RNA, which is subject to approval by the NYISO Board of Directors on January 13, 2009. The NYISO expects to issue the 2009 CRP in April 2009.

The NYISO does not have the authority to license or construct projects to respond to reliability needs. The ultimate approval of those projects lies with regulatory agencies such as the FERC, the PSC, and environmental permitting agencies. The future reliability of the bulk power system depends on a combination of additional resources, provided in response to reliability needs by market forces and/or by the

electric utility companies that continue to deliver electricity to customers, and are obligated to provide safe and adequate service. To maintain the system's long-term reliability, those resources must be readily available or in development to meet future needs. Accordingly, the NYISO monitors the progress and continued viability of proposed market-based and regulated projects to meet identified needs, and reports its findings in its annual planning reports.

Q. PLEASE DESCRIBE THE 2008 RELIABILITY NEEDS ASSESSMENT.

A. The 2008 RNA, which was issued on December 12, 2007, indicated that the forecasted system first showed a reliability need in the year 2012. The need in 2012 resulted from a statewide capacity deficiency as well as a zonal deficiency resulting from transmission constraints. Therefore, the need then identified could have been resolved by adding capacity resources downstream of the transmission constraints or by adding resources upstream of the transmission constraints in conjunction with transmission reinforcements. Based upon continuing load growth throughout the NYCA from 2013 to 2017, and assuming no additional resources in the second five years of the RNA study period, the 2008 RNA determined that additional resources would be needed in these years as well. The RNA characterized the reliability needs for 2013-2017 as statewide resource adequacy needs, such that there are multiple combinations of generation, transmission and demand-side resources that could satisfy those needs during this period. Consequently, the RNA identified all of the Transmission Owners, except for NYPA, as Responsible Transmission Owners to identify regulated backstop solutions for the reliability needs in 2013 to 2017.

The 2008 RNA reported the results of two sensitivity analyses, which analyzed the impact of delivering firm capacity over the Neptune line as well as an unconstrained transmission system on the need date. The RNA also examined the reliability needs under a number of alternative scenarios that resulted in a change in the need date. These scenarios included the impact of high load forecast conditions, implementation of more stringent environmental regulations, potential NYPA firm power purchases and increased levels of energy conservation as a result of the state's "15 x 15" initiative. On December 10, 2007, the NYISO Board approved the 2008 RNA. A copy of the 2008 RNA is attached to my testimony as an exhibit. Exhibit ___ (JPB-3).

Because the NYISO's Open Access Transmission Tariff calls for the NYISO to encourage market-based solutions to identified reliability needs, the NYISO issued its initial request for those solutions on December 12, 2007. A copy of the December 12, 2007 letter is attached to my testimony as an exhibit. Exhibit ___ (JPB-4). The NYISO requested that developers submit market-based solutions and that the Responsible Transmission Owners submit regulated backstop solutions to the identified reliability needs by March 1, 2008. The NYISO also stated that developers could submit alternative regulated solutions if they chose to. On April 1, 2008, the NYISO issued a letter soliciting any remaining alternative regulated solutions by April 21, 2008. A copy of the April 1, 2008 letter is attached to my testimony as an exhibit. Exhibit ___ (JPB-5).

Q. PLEASE DESCRIBE THE 2008 COMPREHENSIVE RELIABILITY PLAN.

A. The 2008 CRP reported on the NYISO's evaluation of the solutions received in response to the NYISO's solicitations to determine if the proposed solutions met the reliability needs that were identified in the 2008 RNA. The NYISO received proposals for 3,380 MW of market-based solutions. Moreover, the NYISO received updated plans from the Transmission Owners, regulated backstop solutions from the Responsible Transmission Owners, and several alternative regulated proposals – including the NYRI transmission project—as potential solutions to the identified reliability needs.

Based upon updated information from LIPA, the 2008 CRP indicated that the reliability need in 2012 would be deferred until 2013 with the addition of firm capacity over the Neptune project connecting Long Island to PJM. In response to the solicitations for solutions, the NYISO received more market-based proposals than the minimum resources needed to meet resource adequacy criteria and transmission security criteria. Thus, the NYISO determined that the submitted market-based projects in conjunction with updated TO plans, were sufficient to meet the Reliability Needs identified in the 2008 RNA through 2017. Accordingly, the NYISO further determined that there was no need at that time to request the Responsible Transmission Owners to proceed with a regulated backstop solution to meet the Reliability Needs. As a result, there was no venue in the NYISO CRPP for the further consideration of a proposed alternative regulated project. The NYISO's Board of Directors approved the 2008 CRP in July 2008. A copy of the 2008 CRP is attached to my testimony as an exhibit. Exhibit ___ (JPB-6).

Q. DOES THE NYISO MONITOR THE PROGRESS OF PLANNED PROJECTS AND SOLUTIONS TO RELIABILITY NEEDS AFER THE CRP IS FINALIZED?

A. Yes. In accordance with the criteria adopted by the NYISO Operating Committee, the NYISO monitors, on a quarterly basis, the progress of market-based transmission, generation and demand response resource solutions and plans to determine their on-going viability, and to determine whether regulated backstop solutions need to be triggered. Under the CRPP contained in OATT Attachment Y and the conditions contained in the CRP issued by the NYISO, the NYISO can decide to trigger a reliability solution within or outside of the regular CRPP cycle. The NYISO conducts its monitoring process in accordance with NYISO Technical Bulletin 171, Subject: Monitoring Viability of Solutions to Meet Reliability Needs – NYISO Process. A copy of Technical Bulletin 171 is attached to my testimony as an exhibit. Exhibit ___ (JPB-7).

Q. PLEASE DESCRIBE THE DRAFT 2009 RELIABILITY NEEDS ASSESSMENT.

A. The draft 2009 RNA builds upon the results and analyses contained in the NYISO's prior three CRPs in 2005, 2007, and 2008. The draft 2009 RNA indicates that the forecasted baseline system meets applicable reliability criteria for the next 10 years, from 2009 through 2018, without any additional resource needs. There are three primary reasons the 2009 RNA does not identify reliability needs for the next 10 years:

1. **Resource additions** – Approximately 1,714 MW of new generation resources, above the level included in the 2008 RNA, have been incorporated

into the 2009 RNA Base Case. These resources include approximately 800 MW of new wind capacity. Also, the NYISO now expects a lower MW level of scheduled generation retirements than in the 2008 RNA. In addition, the construction of capacitor banks at the Millwood Substation incorporated in both 2007 and 2008 CRPs has increased transfer capability from the lower Hudson Valley into New York City.

2. **Energy Efficiency Portfolio Standard Order (EEPS)** – Pursuant to the EEPS, the PSC has taken the initial steps to implement its jurisdictional portion of the Governor's initiative to lower energy consumption on the electric system by 15% of the 2007 forecasted levels in 2015. Using conservative assumptions appropriate to a baseline reliability analysis, the NYISO determined that there should be a reduction of approximately five percent of peak load, approximately 2,000 MW, from the previously forecasted levels by 2015, based upon currently authorized spending levels. Additional EEPS program spending would delay reliability needs even further.

3. **Increased registration in Special Case Resource (SCR)** – The NYISO has experienced a significant increase in the registration of the SCR programs that have effectively reduced the need for additional capacity resources to the system based on customer pledges to cut energy usage on demand. The NYISO currently has registrations of approximately 2,084 MW of SCRs, an increase of 761 MW of resources over the SCR levels included in the 2008 RNA.

In order to test the robustness of the bulk power system and to bound the conditions under which reliability needs may arise, the NYISO has conducted analyses of numerous sensitivities and scenarios. The sensitivity and scenario analyses include the impact of: (i) higher load forecast, including extreme weather conditions; (ii) lower level of penetration of energy efficiency programs; (iii) implementation of more stringent environmental regulations to reduce the level of NOx and greenhouse gas emissions; and (iv) the retirement of existing generation in certain key locations. Under some of these scenarios, an immediate reliability need could occur.

In summary, based upon the combined effect of lower load forecasts resulting from New York State public policy programs, transmission system upgrades, generator additions, a lower level of scheduled retirements and increased SCR program participation, the NYISO has determined that at this time there are no reliability needs in New York from 2009 through 2018 and, therefore, no need to request solutions this year. Nevertheless, the NYISO will issue a 2009 CRP to update the 2008 CRP, and to serve as the basis of the NYISO's first CARIS later in 2009.

Should the NYISO determine that conditions have changed, it will then determine whether market-based solutions that are currently progressing are sufficient to meet the resource adequacy and system security needs of the New York power grid. If not, the NYISO will address any newly identified reliability need in the subsequent RNA or, if necessary, issue a request for a Gap Solution.

The NYISO Operating Committee and Management Committee voted to recommend that the NYISO Board approve the 2009 draft RNA, on November 17, 2008, and December 3, 2009, respectively. The NYISO's Board of Directors will consider the

Draft 2009 RNA at its January 13, 2009 meeting. A copy of the draft 2009 RNA is attached to my testimony as an exhibit. Exhibit ___ (JPB-8).

Q. PLEASE DESCRIBE HOW THE NYISO HAS CONSIDERED NYRI'S PROPOSED TRANSMISSION PROJECT IN THE COMPREHENSIVE RELIABILITY PLANNING PROCESS.

A. As described above, the NYISO CRPP identifies reliability needs and the amount of resources that are required to fulfill those needs. All types of resources are eligible for consideration to fulfill the reliability needs; transmission, generation and demand response. The NYISO solicits solutions to reliability needs, but does not solicit specific projects. Rather, developers submit proposed projects to the NYISO to determine whether they would fulfill part or all of a reliability need.

NYRI offered its proposed direct current transmission line in the NYISO's CRPP as an alternative regulatory solution in the 2007 CRP and in the 2008 CRP. That is, NYRI did not offer its project to NYISO as a market-based solution that would be funded by private investment seeking to make sufficient revenues in the wholesale markets to make its project viable. Nor is NYRI a Responsible Transmission Owner, as defined in the NYISO's tariff. It is the Responsible Transmission Owner that must come forward with a regulated reliability solution to serve as a backstop that can be called upon by the NYISO in the case where the market-based solutions fail. Rather, as an alternative regulated solution, the NYRI project could be selected to meet a reliability need under the CRPP only if five things happen: (1) the NYISO has determined that there are insufficient market-based solutions to meet that need and has called upon a Responsible TO to proceed with developing its regulated backstop

solution; (2) the Responsible Transmission Owner(s) file for approval of their reliability backstop solution project; (3) NYRI files its project with the PSC to be considered as an alternative to the Responsible Transmission Owner(s)' backstop solution project; (4) the NYISO has determined that the NYRI project will meet the identified reliability need; and (5) the PSC selects NYRI's project to be built instead of the Transmission Owners' project. Thus, the PSC and not the NYISO will ultimately determine whether the NYRI project will move forward pursuant to the New York Public Service Law. If all of the above events occurred, including the PSC's selection of the NYRI project to proceed instead of the TOs' regulated backstop solution, the NYRI project then would be eligible for cost recovery under the NYISO's tariff.

The NYISO's role in the CRPP process is to evaluate whether the NYRI project, if built, would meet all or part of a reliability need. In the 2007 CRP, the NYISO evaluated the benefit to reliability if NYRI were built in the 2011-2016 time period. The NYISO modeled NYRI as a resource that could increase transfer capability on the transmission network. Based upon studies conducted as part of the NYISO's interconnection process (Direct Testimony of Steven L. Corey at page 12), the NYISO determined that the NYRI line would nominally increase the transfer capability between Upstate New York in NYISO Zone E and Downstate New York in NYISO Zone G by 1,200 MW. To take into account simultaneous transmission constraints that could occur between Zones E and G, the NYISO and the stakeholders in the CRPP decided to model the NYRI facility conservatively as increasing transfer capability by 1,000 MW. With these modeling assumptions, the NYISO determined

that NYRI would reduce the LOLE when the bulk power system could experience a forced outage. That is, the statewide LOLE on the power grid was lower with NYRI than without it. In the 2007 CRP, the NYISO determined that there were sufficient market-based solutions to meet the reliability needs the NYISO identified. Accordingly, the NYISO did not have to ask the Transmission Owners to proceed with their regulated backstop solution. Thus, there was no opportunity for consideration of the NYRI project as an alternative to a TOs' regulated backstop solution.

In 2008, NYRI again offered its proposed line as an alternative regulated solution to the reliability needs identified in the NYISO's 2008 Reliability Needs Assessment. The NYISO modeled and analyzed the NYRI project in the same way as it had in 2007. It determined that the NYRI project, if built, would improve the reliability of the bulk power system by decreasing the statewide LOLE by approximately the same amount as in the prior CRP. As before, the NYISO determined in the 2008 CRP that there were sufficient market-based solutions to meet the identified reliability needs. That meant that the NYISO once again did not have to ask the Transmission Owners to proceed with PSC approval for their regulated backstop solution. Hence, NYRI's alternative regulated solution was not placed before the PSC as a potential alternative regulated solution. As described above, the draft 2009 RNA states that there are no bulk power system reliability needs for the New York grid for the period of 2009-2018. This means that, if the Board of Directors' approves the 2009 RNA as submitted, the NYISO will not be issuing a letter seeking market-based solutions, regulated backstop solutions or alternative regulated solutions in 2009.

Q. PLEASE EXPLAIN THE RELATIONSHIP BETWEEN THE NYISO'S CRPP AND THE PSC'S JURISDICTION, INCLUDING THE ARTICLE VII PROCESS.

A. As noted above, the NYISO has the obligation under its FERC-approved tariff to perform a CRPP analysis periodically. Upon information and belief, provisions contained in Article IV of the Public Service Law authorize the PSC to maintain safe and adequate electric service in the State of New York and to order such reasonable improvements to the electric system in New York as the PSC deems necessary. Upon information and belief, under the provisions of Article VII of the New York State Public Service Law, the PSC has the authority to review and rule on an application for a Certification of Environmental Compatibility and Public Need for constructing a major utility transmission facility as defined in the Public Service Law. If the five conditions noted above were met, an alternative regulated transmission project submitted in response to the NYISO's CRPP process could then come before the PSC to determine whether the project should be built as an improvement to the electric system in New York, and/or granted a certificate in an Article VII proceeding. And, as stated earlier, if all of these events occurred, including the PSC's selection of the NYRI project to proceed instead of the TO's regulated backstop solution, the NYRI project then would be eligible for cost recovery under the NYISO's tariff.

Transmission projects, such as the NYRI line, can be filed with and considered by the PSC under Article VII and other provisions of the Public Service Law independent of their status under the NYISO's CRPP process. The outcome of the NYISO's CRPP does not determine the result of the PSC's proceeding under Article VII whether to

grant the NYRI line a Certificate of Environmental Compatibility and Public Need. The NYISO is not a government agency, and its does not take public policy considerations into account when analyzing the impact of proposed facilities on reliability needs it identifies. The decision whether there is a public need for the NYRI line is up to the PSC. The PSC can take into consideration whether or not the NYISO has asked for a regulated backstop solution to meet reliability needs. The PSC's decision whether to grant a certificate based on public need is based on public policy factors much broader than reliability, as stated in the Public Service Law.

Q. PLEASE DESCRIBE THE CARIS PROCESS APPROVED BY FERC FOR ECONOMIC PLANNING FOR TRANSMISSION PROJECTS IN NEW YORK.

A. The CARIS is contained in Sections 11, 12, 13 and 15 of Attachment Y to the NYISO's OATT. Exhibit ___ (JPB-1). The NYISO will conduct the CARIS as part of a combined cycle of reliability and economic planning studies over successive twenty-four month periods. Each economic planning cycle will be based on the most recently approved CRP. Each economic planning cycle will use the same ten-year planning horizon as that used in the CRP. The CARIS will consist of a minimum of three congestion studies, with analyses of scenarios based on those three studies conducted in accordance with criteria in the NYISO's tariff and the requests from stakeholders. Stakeholders may also request additional congestion and resource integration studies at their own expense. The NYISO will post all requests for studies on its website. The CARIS will provide historical analysis, as well as forward-

looking estimates, of relevant data, such as areas of congestion on the New York State Transmission System.

The Market Participants will provide the NYISO with the data necessary for the completion of a meaningful CARIS, including existing and planned additions to the New York State Transmission System, proposals for merchant transmission facilities, generation additions and retirements, demand response programs, and any long-term firm transmission requests made to the NYISO. This information will assist in the development of a CARIS that fully identifies issues and possible solutions to congestion on the New York State Transmission System.

In addition, the NYISO will combine the component studies selected and assess system congestion and resource integration over the 10-year study period. In responding to identified congestion, the NYISO will consider, on an equal footing, all resource types, including transmission, generation, and demand response.

The NYISO will conduct an initial cost-benefit analysis of potential solutions to alleviate identified system congestion. These solutions will not be specific projects, but the addition of generic transmission, demand response and/or generation resources in key locations on the system to measure their effects on relieving transmission congestion. The principal benefit metric for projects will be expressed as the present value of the production cost reductions across New York State that would result from each potential solution. The NYISO is working with its stakeholders through the ESPWG/TPAS to develop the methodology and models that will be used for the CARIS analysis. Additional metrics for evaluating the benefits of solutions will include estimates of reductions in losses, location-based marginal

prices (LBMP) for energy, installed capacity costs, ancillary services costs, emission costs and payments for Transmission Congestion Contracts. Based on this analysis, the CARIS will provide stakeholders with a wide range of information to assist them in identifying and developing actual solutions to congestion problems. This information will include information on the costs of potential transmission, generation and demand response solutions to congestion, as appropriate and as developed through the NYISO's stakeholder process.

The NYISO's stakeholder committees must review the draft CARIS report before it is forwarded to the NYISO's independent Board of Directors for approval. Once the CARIS report is approved by the Board, the NYISO will post the report on its website and conduct public information sessions regarding the report.

Q. DOES THE CARIS PROVIDE FOR COST RECOVERY FOR ECONOMIC PROJECTS TO RELIEVE TRANSMISSION CONGESTION?

A. Yes. Developers of potential economic transmission projects, with an estimated capital cost in excess of $25 million, that seek regulated recovery of project costs through the NYISO's tariff may submit their project for analysis by the NYISO in accordance with its beneficiaries-pay cost allocation principles and methodology. Beneficiaries will be those entities that economically benefit from the project, and the cost allocation among them will be based upon their relative economic benefits. While the initial eligibility for regulated cost recovery will be determined on the basis of a NYCA-wide production cost savings, the beneficiary determination for cost allocation purposes will be based upon Load Serving Entities' relative LBMP savings. Both production cost benefits and LBMP load savings will be measured and

compared on a net present value basis with the project's revenue requirements over the first ten years of the proposed project's life. The NYISO's analysis will provide additional information, where appropriate, regarding future uncertainties, such as possible changes in load forecasts, fuel prices, and environmental regulations as well as other qualitative, non-quantified impacts, such as improved system operation, other environmental effects, and integration of renewable resources. The cost/benefit analysis, beneficiary determination and cost allocation for a specific project must be voted on by the Business Issues Committee and the Management Committee, and approved by the NYISO's Board of Directors.

To be eligible for cost allocation and recovery under the NYISO's tariff, the benefit of the proposed project must exceed its cost measured over the first ten years from the proposed commercial operation date for the project. A transmission project that meets the benefit/cost test must also receive a super-majority (80 percent) of the weighted vote of the project beneficiaries that are present at the time of the vote. If the proposed project obtains the required vote in favor of implementing the project, and the project is implemented, all designated beneficiaries, including those voting not to implement the project, will pay their allocated share of the cost of the project. The FERC must approve the costs of a proposed transmission project to alleviate congestion before those costs may be recovered though the NYISO's tariff.

If a project receives approval under this process for cost recovery under the NYISO OATT, then costs are allocated to beneficiaries in the same manner in which votes are allocated to those beneficiaries. Specifically, "[f]or each load zone that would benefit from a proposed project, the NYISO will allocate the cost of the project to load based

on share of total savings calculated in accordance with the tariff. Furthermore, within zones, costs will be allocated to Load Serving Entities based on MWh.

Q. WHAT IS THE STATUS OF THE CARIS PROCESS IN NEW YORK?

A. FERC conditionally approved the CARIS process by order issued on October 16, 2008. The first CARIS process will be based upon the final 2009 CRP. The NYISO expects to submit the 2009 CRP for Board approval by April 2009. In the meantime, the NYISO is working with stakeholders in the ESPWG and TPAS to develop the procedures called for by the tariff to implement the CARIS process. The NYISO expects to complete the first CARIS regarding congestion on the New York transmission system and the costs and benefits of potential projects to relieve transmission congestion by the end of 2009. Specific projects to alleviate congestion will be considered in the CARIS process after the 2009 CARIS is approved by the NYISO's Board of Directors.

Q. PLEASE DESCRIBE HOW NYRI CAN PARTICIPATE IN THE CARIS PROCESS AT THE NYISO.

A. NYRI is eligible to participate throughout the NYISO's CARIS process. NYRI can participate in the development of procedures for the implementation of the CARIS at the ESPWG and TPAS. Further, NYRI may participate in the NYISO's identification and preparation of the first series of three congestion analysis and cost-benefit studies, which will be reported in the first CARIS report. As a participant in the NYISO's governance process, NYRI may become eligible to vote on the CARIS report at the NYISO Business Issues Committee (BIC) and Management Committee (MC). Once the CARIS report is approved by the NYISO's Board of Directors,

NYRI is free to propose its project to alleviate transmission congestion in New York, and to request that the NYISO perform the required analysis to determine its eligibility for regulated cost recovery under the NYISO tariff as an economic project. NYRI is eligible to advocate for its project and to participate in the study of its benefits relative to its costs. Moreover, NYRI can participate in the study to identify the beneficiaries of its projects and the relative voting weights to be assigned to those beneficiaries. NYRI is free to advocate that the requisite 80 percent of the weighted beneficiary vote cast their votes in favor of the project, as approved by FERC. If so, NYRI as the project developer will be obliged to demonstrate to FERC that the cost of its project is just and reasonable, and should be included in the NYISO's tariff. The NYISO's economic planning process represents an appropriate avenue available to NYRI to request an analysis of the costs and benefits of its proposed transmission facility and a determination of whether the project would be eligible to receive regulated cost recovery under the NYISO tariff. In order for NYRI to obtain cost recovery under the economic planning provisions of the NYISO's tariff, NYRI must proceed through the NYISO's economic planning process.

Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

A. Yes, it does.

John P. Buechler

Sworn to before me this day of April, 2009 in the City of Hauppauge, County of Suffolk, New York:

Notary Public
AFFIX SEAL:

JANE DEBOER
Notary Public, State of New York
No. 01DE6059471
Qualified in Suffolk County
Commission Expires 5/24/2011

JUDGE STOCKHOLM: Do you want to do the exhibits?

JUDGE PHILLIPS: Yes. And the exhibits have been marked as follows: For SLC 1 through 5, they are 269, 270, 271, 272 and 273. For JB 1 through 8, they are 274 through 281.

MR. SALTARELLI: Thank you, Your Honor.

MS. BARISH-STRAUS: Your Honor, NYPA has a question regarding the testimony in terms of a correction, and I thought I would just bring it up now before it's entered into the record.

We have a question regarding page 19, line 10 of Mr. Buechler's direct testimony. The sentence reads, "Based upon updated information from NYPA" -- N-Y-P-A -- "the 2008 CRP indicated that the reliability need in 2012 would be deferred until 2013 with the addition of firm capacity over the Neptune project connecting Long Island to PJM."

My understanding is this is LIPA's project, not NYPA's project, and I'm wondering if this information was received from L-I-P-A, LIPA, rather than NYPA.

(Buechler) I can answer that. Your statement is correct. The referenced line 10 on page 19

should say LIPA, L-I-P-A, not NYPA, N-Y-P-A.

MS. BARISH-STRAUS: Thank you, Mr. Buechler.

JUDGE STOCKHOLM: Would you make that correction in the disk also. Thanks, Counsel.

JUDGE PHILLIPS: Okay. I believe the panel is ready for cross-examination. Can I just have an indication of who has cross for this panel.

Oh, boy. Okay. Does anyone want to start?

Mr. Glasser.

JUDGE STOCKHOLM: Oh, we love a volunteer. Thank you, Mr. Glasser.

MR. GLASSER: Everyone else was being shy so I thought I'd fill the vacuum. Now if I can just get to a position where I can see the witnesses. I need to put them on a platform. There we go.

CROSS EXAMINATION

BY MR. GLASSER:

Q. Good morning, gentlemen. My name is Bob Glasser. I represent Central Hudson. Mr. Buechler knows that. Mr. Corey, we haven't met.

I think I'd like to start with Mr. Buechler's testimony, if you would, your direct testimony, page 26. At the top of the page, you have a question, "Please explain the relationship between the NYISO, CRPP and the

PSC's jurisdiction, including the Article VII process."

Do you see that, sir?

A. (Buechler) Yes, I do.

Q. You address some aspects of the relationship. I'd like to try and see whether there are other aspects of the relationship.

And the relationship I'm going to discuss is the relationship between Article VII and the topic you turned to on page 27, which you call CARIS, C-A-R-I-S.

A. (Buechler) Yes.

Q. So my question is, what's the relationship between the NYISO's CARIS process and the PSC's jurisdiction?

A. (Buechler) Well, in the -- in the section on page 26 that you first pointed me to, there I talk about specifically the relation between the Article VII process and the NYISO's comprehensive system -- comprehensive reliability planning process.

But I think my answer would be the same with respect to the CARIS. And the CARIS stands for congestion assessment and resource integration studies, which is our new economic planning process.

Namely that, again, upon my information and belief, I'm not an attorney, the PSC has certain

obligations under the Article VII requirements, and similarly the NYISO has obligations under its tariffs, its federally approved tariffs, here specifically with respect to our planning process.

And our overall planning process now contains both reliability and economics, so I think my answer would be the same as -- as in the section on page 26.

Q. Okay. Thank you. And just to be more specific, and maybe the best way to do this is -- you've been employed in the utility business for shall I say awhile, Mr. Buechler?

A. (Buechler) That's a fair statement.

Q. You've worked at a utility and then at the ISO for several years, correct?

A. (Buechler) That's correct.

Q. Have you been involved in proceedings before the Public Service Commission?

A. (Buechler) In a former life, quite a few, yes.

Q. Including Article VIIs?

A. (Buechler) To my recollection, not directly -- not as a witness in Article VIIs.

Q. But you're fam -- are you familiar -- do you consider yourself to be familiar with Article VII at some level?

A. (Buechler) At some level and it was quite a while ago.

Q. Okay. Do you have any understanding of the kinds of assessments that the PSC makes in an -- when it reaches a decision in an Article VII case?

A. (Buechler) Without knowing exactly what you're talking about I guess I would say yes, but need more clarification.

Q. Sure, I'd be happy to help with that.

Are you aware of whether the PSC reaches conclusions concerning costs of proposed facilities and benefits of proposed facilities in an Article VII case?

A. (Buechler) I guess generally, yes, but specifically how that's done, I am not.

Q. Assuming that the PSC does reach conclusions to cut out the costs of a proposed facility and back in benefits of a proposed facility, are those conclusions binding at all on the ISO under its CARIS process?

A. (Buechler) Again, as a non-attorney, I would say no.

Q. Okay. So now let's assume that the PSC, in analyzing this particular project, reaches a specific conclusion concerning the cost of the project and the benefits of the project to parties in the southern part

of the state. Do you have that assumption, sir?

A. (Buechler) Yes.

Q. Is it the NYISO's position that it can make its own allocation of costs and benefits that is unrelated to what the NYPSC has found?

A. (Buechler) the NYISO, as I said before, has obligations under its federal tariff to conduct planning processes, both reliability and economic. Those processes have specific requirements and methodologies which, in the case of the -- the economic planning process, are still being developed in conjunction with our stakeholder process.

My understanding of the -- and we have to -- and we -- excuse me -- we have to follow those processes. My understanding of the PSC's considerations as to benefits of a -- of a project in an Article VII context is that those considerations and benefits go well beyond the -- I guess I'll call them mechanical calculations that are specified in the NYISO tariff. So, I see them as two different, different processes.

Q. The ISO is then suggesting that after the hearings that are being conducted in Article VII and the conclusions of the PSC, the ISO will conduct an independent process that could arrive at different

allocations of costs and different allocations of benefits; is that correct?

A. (Buechler) With a clarification. The NYISO -- if we're now talking about our economic planning process --

Q. The CARIS.

A. (Buechler) the CARIS, yes.

Q. Yes.

A. (Buechler) the NYISO would conduct an analysis of the NYRI project, or any project, in fact, only in the event a projects developer came to the NYISO requesting that it be considered for eligibility for regulated funding under the NYISO tariff and the NYISO tariff rules.

So the NYISO would not and doesn't have any obligation to unilaterally conduct such -- such an analysis.

Q. Has the NYRI developer made a -- that request of the NYISO?

A. (Buechler) Not as of this date.

Q. Are they free to do it at any time?

A. (Buechler) In accordance with our tariff, yes.

Q. So if -- it would be feasible, then, for the project developer to litigate the Article VII case to a conclusion, and then everyone who has an interest in the

allocations of costs or benefits would have to start all over again before the NYISO; is that a fair conclusion?

A. (Buechler) I think that, again, there are different considerations in the two processes. And I'll stand by what I said a moment ago.

If the developer -- NYRI in this case -- desired funding through the NYISO tariff, then they would have to go through our process, yes.

Q. So if -- if the developer makes that election, which at this point we don't know whether they will or not, the parties who are affected by the outcome are subject, then, to a second evaluation before the NYISO. We agree on that, I think.

A. (Buechler) I think so.

Q. And I think you also said that the NYISO -- I think you've said a couple of times, actually, that the NYISO uses different considerations than the NYPSC does in Article VII.

Did you make that statement, sir?

A. (Buechler) Yes. Specifically the NYPSC considers a -- my understanding -- a broad range of public policy considerations when you talk -- when you use the word benefits.

And the NYISO does not have -- does not have such

a scope -- such a scope nor authority under our tariff.

Q. Well, under the ISO's tariff and CARIS process, how will -- assuming that the NYRI developer actually applies, how will -- what are the benefits of the project that the NYISO will then allocate? And I mean describe them generically, if you would, the types of benefits.

A. (Buechler) Yeah, certainly. Well, my testimony does go into more detail. But the two principal metrics, we call them, for determining the benefits under the NYISO economic planning process, the first is a statewide production cost benefit, and the second is a load savings calculated by zone.

And that latter metric is used to determine, under our process, the beneficiaries of the project.

JUDGE STOCKHOLM: Would you explain that second definition -- that second definition again.

(Buechler) Yes, Your Honor. The second definition -- well, both -- to calculate both, we would be using a production costing model such as the ones that we talked about earlier perhaps.

JUDGE STOCKHOLM: Right.

(Buechler) there would be two cases run, if you will: One with the project in place. One without

it. For each of the metrics, actually, we would compare those two cases.

For the second metric we'd look on a zone -- what the NYISO calls a zonal basis and determine zone-by-zone what the difference in load payments are under the NYISO's pricing system.

And for those zones that experience a benefit, i.e., a savings with the project versus the without case, those are termed under our tariff to be the beneficiaries of the project.

JUDGE STOCKHOLM: Are the beneficiaries load-serving entities?

(Buechler) Yes, they are.

JUDGE STOCKHOLM: Not end-use customers?

(Buechler) Load-serving entities are the beneficiaries. The beneficiary -- the cost allocation is then determined on the same basis of the beneficiary determination.

JUDGE STOCKHOLM: Okay. I am sorry, Counsel. Go ahead.

MR. GLASSER: No. That was exactly where I was going, Your Honor. Thank you.

BY MR. GLASSER:

Q. Mr. Buechler, has the -- I gather from your

earlier responses to Judge Stockholm's questions that the specific model to be employed in this process has not been selected by the NYISO; is that correct?

A. (Buechler) That's correct.

Q. And I -- it seems like it also follows, since the model has not been selected, there has not been any conclusions reached as to the appropriate specification of input assumptions.

Would that also be correct?

A. (Buechler) That's correct also.

Q. What is the anticipated format for the specification of the beneficiaries? And by that I mean, for example, does the ISO anticipate that the beneficiaries will be defined by a percentage of the total project or in some other fashion?

A. (Buechler) The beneficiary and cost allocation determination is made on the basis of the -- the dollar amount of load savings that will be experienced, again, initially on a zonal basis.

So if load-serving entities in Zone A received $100 million of savings, and load-serving entities in Zone B received $200 million in savings, the cost allocation would be one-third to Zone 1 and two-thirds to Zone B.

Q. Great. Thank you. Based upon your knowledge of the NYRI project -- well, maybe I should ask a foundational question.

Do you have a general understanding of the nature of the NYRI project?

A. (Buechler) Yes.

Q. Do you understand that it's alleged that -- and I mean that only because it hasn't been proven here yet because the case is ongoing. I don't mean that in any negative connotation.

It's been alleged that the NYRI project will produce savings to consumers in the Central Hudson area and other areas of the state to the south?

Are you familiar with that?

A. (Buechler) Generally, yes. I couldn't give you the numbers. I'm sure you could give them to me.

Q. What are the load zones -- the NYISO load zones that would be potential recipients of those types of savings?

A. (Buechler) Well, since we haven't done the analysis, since NYRI not come to us to request us to do that analysis yet, I -- would only be conjecture, but I think what you alluded to, I would agree with, would be zones in the southeast portion of the state.

Q. And could -- for the record, could you just state what they are?

A. (Buechler) Zones G, H, I, J, K potentially, or those are the zones in the southeast portion of the state.

Q. And those -- would those zones correspond generally to the areas served by Central Hudson, Orange & Rockland, Con Edison and Long Island Power Authority?

A. (Buechler) Yes.

Q. And I guess I should say New York Power Authority as well.

A. (Buechler) Yes.

Q. And what portion of the annual energy use in the state do those zones represent, approximately?

A. (Buechler) Somewhat over half.

Q. Mr. Buechler, do you have an understanding of the estimated cost for the NYRI project?

A. (Buechler) I believe I read material from the developer in the range of 1.6 billion, subject to no correction.

MR. SINGER: They told me I can't testify.

MR. GLASSER: No, I'd be happy to have Mr. Singer provide that for the record so we're all on the same wavelength.

JUDGE STOCKHOLM: Go ahead, Mr. Singer. I'll let you testify.

MR. SINGER: $1.8 to $2.1 billion is our estimate for the routes that are under consideration.

BY MR. GLASSER:

Q. Mr. Buechler, I take it from your experience in the industry you're familiar with the concept of a carrying charge?

A. (Buechler) Yes, I am.

Q. Could we, for this discussion, assume a carrying charge of, say, 20 percent as a reasonable approximation?

A. (Buechler) I'm unaware of the funding specifics of the NYRI project, so I really couldn't say.

Q. In your experience in the utility industry, would a carrying charge rate of 20 percent be not atypical?

A. (Buechler) It would not be atypical for a utility in New York State.

Q. Okay. A 20 percent carrying charge rate at a cost of $2 billion implies annual costs of $200 million -- excuse me -- $400 million, correct?

A. (Buechler) Your arithmetic is correct, yes. Right.

Q. Are you familiar with the Central Hudson's annual

electric revenues for delivery and commodity?

A. (Buechler) No, I'm not.

Q. If I were to suggest to you that they are less than $600 million, would that seem like -- would that seem reasonable to you?

A. (Buechler) I really can't say. I haven't looked at that information.

Q. Okay. Fine. Well, assuming -- if you would agree to take as an assumption that Central Hudson's annual delivery and commodity revenues are about $600 million, do you see why Central Hudson would be concerned about your CARIS process?

MR. SALTARELLI: Your Honor, I'm sorry. I would object to that question. It certainly, I think, is beyond the scope of his direct testimony. It calls for him to speculate about a lot of things that --

JUDGE STOCKHOLM: And I don't think there's enough foundation for the question either, although --

MR. GLASSER: I'll rephrase, Your Honor.

JUDGE STOCKHOLM: Yeah, I think you might have to take that in steps.

MR. GLASSER: Sure. Sure.

BY MR. GLASSER:

Q. Let's go back to our discussion about these --

the various load zones. You said that in G, H, I, J, and K, those zones represented something over half of the annual energy in the state, correct, Mr. Buechler?

A. (Buechler) Yes.

Q. Do you know approximately what portion of the annual energy in the state is represented by Central Hudson? And I'll suggest to you it's about 3 percent.

A. (Buechler) I'll take that subject to check, I guess.

Q. Thank you. So if we -- let's assume we are now doing a CARIS process for a $2 billion project that has annual revenue requirements or costs of about $200 million, and the ISO is now going to determine how to allocate those costs between Central Hudson and the other LSEs in the southern part of the state.

Do you have that assumption in mind?

A. (Buechler) Yes.

Q. As we sit here today, how does Central Hudson know that it will be allocated a fair portion of those costs?

A. (Buechler) By Central Hudson's support for the NYISO compliance filing which proposed this methodology. It was a joint filing between the NYISO and the New York transmission owners, of which I assume that Central

Hudson is one.

I can assume Central Hudson was in agreement or is in agreement with the economic methodology, including the cost allocation methodology. So that's one.

Second would be by their continued participation in the NYISO planning process, and in the development of the economic planning process and the specific assumptions and methodologies and their participation, presumably, in the governance process, as well.

Q. Now, when -- when this project we've been talking about comes to the ISO for the application of CARIS, Central Hudson's 3 percent is going to be considered together with the more than 47 percent of the other utilities in the southern part of the state, correct?

A. (Buechler) Well, I'm not exactly sure where you're going. Maybe I didn't clarify previously. The cost allocation methodology is based upon the -- the load savings, the so-called allocation of marginal price load savings by zone, not on a load ratio share.

So just because you're using 3 percent there, it seems like you have an assumption based on it.

Q. And I appreciate the clarification. I was just using that to suggest that the relative size of Central Hudson compared to the other utilities in the southern

part of the state is roughly as 3 is to more than 47.

You follow the suggestion, sir?

A. (Buechler) Yes.

Q. So the next step is that presumably the various utilities in the southern part of the state will have independent views of what their appropriate share of the costs and the benefits will be, correct?

A. (Buechler) Yes.

Q. And how in the NYISO CARIS process will it be feasible for Central Hudson to present its views?

A. (Buechler) Several methods I've mentioned already, which is participate in the stakeholder process, which is involved from the -- the beginning of the economic planning process in terms of developing the inputs and the models and assumptions that you mentioned a moment ago that are not yet finalized, through the review of the studies and analyses, which will ultimately be moved through the NYISO stakeholders process for a vote and then approval by the board of directors.

But finally one element of our economic planning process that we haven't discussed yet is that the designated beneficiaries, following that approval process up through the board of directors of the -- of

the analysis -- the cost allocation beneficiary analysis, that those designated beneficiaries must first vote by an 80 percent supermajority to approve cost recovery for that project under the NYISO tariff.

And there are -- what we also haven't talked about, there are other so-called metrics that the NYISO is to provide for information purposes to all parties, but one might think specifically of use to the beneficiaries for their consideration in that process.

Q. All right. I'd just like to clarify your reference to the 80 percent supermajority. That's an 80 percent of the designated beneficiaries?

A. (Buechler) Yes.

Q. So, given the figures we talked about previously, where Central Hudson is 3 percent and the other utilities in the southern part of the state are more than 47 percent, then there's no fashion in which Central Hudson could control the outcome, correct?

A. (Buechler) I didn't hear you use the word "control" before.

Q. I didn't. You're correct.

A. (Buechler) I thought I heard you say participate or influence or make their wishes known.

Q. No, you're correct. I didn't. This is a

different question.

My point being that even with an 80 percent supermajority, it's feasible under the process for the position of a smaller utility to be not taken into account.

Do you agree with that?

A. (Buechler) I don't agree with the formulation of not taken into account. Their votes -- if they were a beneficiary, the vote would be taken into account, certainly.

Q. The vote would count, but it's -- you would agree that it's feasible that it could -- that the position of Central Hudson could be overwhelmed by the position of larger utilities?

A. (Buechler) Yes.

JUDGE STOCKHOLM: Could I get a clarification on vote? Is that the weighted voting that the ISO uses or is that you've got ten beneficiaries and you need eight to vote yes?

(Buechler) To clarify. If by the weighted voting that the ISO uses in our governance process you mean the sector voting, it is not -- has nothing to do with the sector voting.

JUDGE STOCKHOLM: Okay. Explain to me how

the voting under the 80 percent supermajority rule works.

(Buechler) All right, Your Honor. It's -- that voting is consistent with the beneficiary and cost allocation determination. In the example I gave previously Zone A would have one-third of the benefit, so Zone A on a weighted basis also would have one-third of the voting power, if you will.

It's identical to the beneficiary determination. Nothing to do with per -- it does not -- it is not on a per megawatt hour basis. It is not on a stakeholder or governance or sector basis.

JUDGE STOCKHOLM: Okay. I appreciate that. Thank you.

Go ahead, Mr. Glasser.

MR. GLASSER: Thank you, Your Honor. Your Honor, I'd like to identify a proposed exhibit. This is the Response of the NYISO to Central Hudson's First Set of Interrogatories, Questions 1 through 5, and it's a three-page document.

JUDGE PHILLIPS: While you're passing that out, I just want to follow up on the last question.

As we sit here today, do you know what the weights would be that were accorded to -- I think you

mentioned H, I, J and K, those zones, under the supermajority rule?

(Buechler) No, Your Honor, because that would be case-dependent on -- on any specific project, and we have not yet received any applications. We have not received any application from NYRI or anyone else thus far.

JUDGE PHILLIPS: Okay. Thank you.

Central Hudson Gas & Electric Corporation's First Set of Interrogatories to the NYISO has been marked for identification as Exhibit 282.

(Exhibit 282 marked for identification.)

MR. GLASSER: Thank you, Your Honor. I'd like to now direct my questions to Mr. Corey.

BY MR. GLASSER:

Q. Mr. Corey, would you turn to page 11 of your direct testimony, please.

Do you have that, sir?

A. (Corey) Yes.

Q. At this portion of your testimony, I believe you're discussing the SRIS study; is that correct?

A. (Corey) Yes, I am.

Q. Could you kindly read into the record the sentence starting on line 5, page 11, since that's going

to be the focus of my questioning, starting with "However."

A. (Corey) Starting with "However."

"However, further analysis determined that the overload on the 345 kv system could be mitigated by redispatch of generation in the case, with generation reductions at the Roesten and Dannskammer plants."

Q. Thank you. Now, I'd like to focus on the latter part of that section, the reference to the Roesten and Dannskammer plants.

Mr. Corey, at what voltage level do the Roesten and Dannskammer plants connect to the grid?

A. (Corey) The Roesten plant connects at 345 kv. Dannskammer connects at 138 kv.

Q. How or -- does the NYISO control the operation of the 345 system?

A. (Corey) Yes. My understanding is the opera -- the ISO's operation is at the 345 kv level.

Q. Does the NYISO control the 138 system, specifically with reference to the portion of it where Dannskammer connects?

A. (Corey) I understand from our operations that we do not.

Q. So in -- in the context of your sentence, you're

addressing a situation in which there's a reduction in the output from the Roesten and Dannskammer plants.

That's correct, isn't it?

A. (Corey) Yes. That's in the testimony.

Q. Yes. Since the NYISO controls the 345 system, to the extent there's a reduction in the output or redispatch of the Roesten facility how is that reduction or redispatch treated by the NYISO? Who pays the redispatch costs?

A. (Corey) Where it's -- first, I'd like to state that reductions in the Roesten and Dannskammer were reductions made in the simulation model in performing the study. They're simulations of potential operations of the plants. It's not -- it's not actual operation of the -- of those plants.

Q. Yes. And is there any more to your answer?

A. (Corey) At this point, no.

Q. Well, let's go back to the question, then.

In the event that the events that were simulated in the SRIS study were to occur and there was a redispatch on the -- of the Roesten plant on -- by the NYISO, who pays for that -- for the redispatch costs?

A. (Corey) That, I'm not sure. The SRIS does not address economic issues. And I'm not prepared to

address questions regarding the economics of the operations.

Q. Well, why didn't the responses to our interrogatories say that instead of just objecting to the interrogatory?

MR. SALTARELLI: Your Honor, object to that question. If there were legal objections propounded, obviously the witness is not the person competent to testify to that.

MR. GLASSER: Well, Your Honor, we received an answer that, instead of providing a response, imposed a legal objection. And my question to the witness is -- he gave a different answer here today.

And my question is: Why did we not get the answer given today when we sent the interrogatories, because had we gotten it -- and one of the reasons why we sent the interrogatories was so that we wouldn't be having these arguments, but had we gotten that answer, we could then have sought appropriate relief through Your Honors.

Now we find out -- having made a diligent inquiry and received a legal objection instead of a substantive response, we learned for the first time that the NYISO is not offering anyone to testify

substantively.

JUDGE STOCKHOLM: Well, to be perfectly honest, Mr. Glasser, I thought it was more a rhetorical question more than anything else. The issue in the question that's been objected to -- or the question that's been objected to is: Why are you giving a different an -- why are you giving a substantive answer today? Why are you giving an answer today that's different than the answer that you gave in the interrogatory?

That's what it sounded to me like your question was; is that correct?

MR. GLASSER: That was the question.

JUDGE STOCKHOLM: Okay. If the witness -- either of the witnesses know why one answer was given, why a legal objection was raised or -- if any of the witnesses know the answer to that question, I will allow you to answer that question, but I don't want you to speculate. I want you to testify as to what you know of your own knowledge.

(Corey) I don't know specifically why we objected to those particular questions. We answered some of the questions in the interrogatory. I'm not sure what the objections were.

JUDGE STOCKHOLM: Mr. Glasser, I'll turn it back to you.

BY MR. GLASSER:

Q. Yes. The question was not: Why did we get a different answer today? The question was not: Why did we get a legal objection?

The question was: Why did we get an answer today that was not a legal objection but said the NYISO's witnesses are not prepared to respond substantively to the question?

That is very different from interposing a legal objection that says we're not required to respond to your question.

JUDGE STOCKHOLM: If the witness knows, you can answer that question.

A. (Corey) I believe the basis of our objection on the fundamental basis is the -- that the -- I'm here to testify --

MR. SALTARELLI: Your Honor, I don't mean to interrupt. I don't believe that witness is qualified to --

JUDGE STOCKHOLM: I think that we're getting the answer is I don't know, although the witness for some reason doesn't want to say I don't know.

But are you qualified -- are either of you qualified to testify as to the question that was asked in the interrogatory?

(Corey) No for me.

JUDGE STOCKHOLM: Which number was that, Mr. Glasser?

MR. GLASSER: 2A. 2A and B, to be more precise, Your Honor.

JUDGE PHILLIPS: Can I just ask: When did you get this response? What was the date?

MR. GLASSER: Last Friday, Your Honor, the end of the day.

JUDGE STOCKHOLM: Is my question clear to the panel? Can either of you -- are either of you qualified to respond to Interrogatory 2A or 2B in Exhibit 282 for identification?

(Corey) Looks like in the case of 2A, it -- I -- it follows on that the -- it refers to in 2 that -- to my testimony on page 12, lines 9 through 13, where I state that "The ISO will need to have operational control" --

JUDGE STOCKHOLM: A little slower.

(Corey) I state on page 12 of my testimony, starting at line 9, that, The ISO will need to have

control over the NYRI project so that the NYISO can determine the safe -- maximum safe level of output as necessary to avoid any adverse impact of the project on the reliability of the New York State transmission system, consistent with standard I -- New York ISO and applicable transmission owner operating procedures and practices.

So, you know, that I testified to. And beyond that, I -- beyond that I can't in terms of any economic impact.

JUDGE STOCKHOLM: That's as to 2A. How about 2B?

(Corey) To 2B, the first question is -- the answer would be no, that the sentence is not intended to identify everything that would be needed to operate the NYRI project.

In terms of the second part of that question, I am not prepared to say what the -- to identify what all those things would need to be done to operate NYRI.

JUDGE STOCKHOLM: Is it fair to say that you have not done a study to identify those things?

(Corey) Yes. That would -- normally that would occur at a later point in the interconnection

process. It's not done in -- at this stage of the NYRI interconnection process, they're still in the study stage. There are three studies in the interconnection projects. They've completed the first two studies. They have yet to complete the next study.

And the details of integration of the project into the system generally would occur at a point in time after the -- those studies have been completed.

JUDGE STOCKHOLM: Thank you.

Mr. Glasser, that's about all I can get.

MR. GLASSER: I understand. Thank you, Your Honor. I'll proceed.

Q. Mr. Corey, let's go back to page 11 now of your testimony at lines 5 through 8. Here you're talking about a study that was done, correct?

And this is a study that you're familiar with, right?

A. (Corey) Yes.

Q. And I didn't mean to give you two questions at once. Sorry.

The study that was done did indicate, as you state in your testimony, that to alleviate overloads it would be necessary to redispatch Roesten and Dannskammer; isn't that correct?

A. (Corey) What's stated here is that in this study, and in this case, Roesten and Dannskammer were redispatched.

That does not -- that's intended to be illustrative as a possible redispatch. There could be other options, as well.

Q. Okay. And in the -- in the case of that specific illustration where Roesten and Dannskammer are redispatched, who dispatches -- who would redispatch Roesten?

A. (Corey) The ISO would operate -- redispatch the generation as necessary to operate the facilities that are under its control and it secures.

Q. And that means the ISO would redispatch Roesten, correct?

A. (Corey) Yes.

Q. And who redispatches Dannskammer?

A. (Corey) That, I'm not prepared to say.

Q. You are not prepared to say because you don't know or you don't want to say?

A. (Corey) It's the -- that is a -- a question that's specific to system operation. And exactly the coordination between the ISO's operation and the Central Hudson's operation on this particular point, I -- I'm

not qualified to say at this point.

Q. Well, let's go back, then, to Roesten. If the ISO redispatches Roesten, who pays for the redispatch costs?

A. (Corey) As I stated before, the interconnection studies do not address economic impacts and don't evaluate economic impacts. It evaluates reliability impacts, and that's what I'm prepared to testify to today.

Q. How about you, Mr. Buechler?

A. (Buechler) What's the specific question?

Q. If the ISO redispatches Roesten, who pays the redispatch cost?

A. (Buechler) Well, I'm not an operations expert, either. Generally speaking, except for specific instances, redispatch costs are allocated to all loads within the state.

Q. Now, is Central Hudson -- and this is directed to you first, Mr. Corey, just to confirm what I suspect the answer might be, but if Central Hudson redispatches Dannskammer, who pays those redispatch costs?

A. (Corey) I don't know.

Q. Mr. Buechler, same question to you, sir.

A. (Buechler) I think we're setting up a condition

here which may not exist in real time. If you're alluding to the ability of transmission owners to request a specific dispatch or taking of a generating plant out of merit for a local system condition, in such case the redispatch costs are allocated to that -- to that local area.

In this hypothetical here, I'm not sure that's what you're proposing or not.

Q. Well, I don't think you need to have any doubt, Mr. Buechler. Central Hudson is very concerned that it's going to end up paying for redispatch costs of Dannskammer that are caused by system conditions that will change once NYRI is operational. That's what our concern is.

A. (Buechler) I don't -- I don't know the answer to that question.

MR. SALTARELLI: It's not a question.

MR. GLASSER: No further questions, Your Honor.

JUDGE PHILLIPS: I don't think I wrote down everyone who indicated they had questions. So can you just, by a show of hands, tell me again who has questions.

JUDGE STOCKHOLM: How many don't have

questions?

JUDGE PHILLIPS: Okay. Thank you. I think we're going to take our morning break at this time. If you can be back at 11:20, please.

(Recess taken.)

(Exhibit 283 through 286 marked for identification.)

JUDGE STOCKHOLM: On the record. I believe staff is up next with cross-examination.

MR. BLOW: Thank you, Your Honor.

CROSS EXAMINATION

BY MR. BLOW:

Q. Mr. Corey, first just a couple of questions. You stated in your testimony, I believe, that you discussed the SRIS process in some detail, right?

A. (Corey) Yes.

Q. You would agree, wouldn't you, that the SRIS process -- that the SRIS in this case, and in every case, is a snapshot at the time that it was done, right?

A. (Corey) Yes, that's correct.

Q. And so you would expect that other studies and other updates would need to be done following the process -- the various processes -- I believe it's the facility study next, right?

A. (Corey) That's correct.

Q. Turning to you, Mr. Buechler. Please refer to pages 23 and 20 -- to 25 of your direct testimony regarding 2007 and 2008 reliability analyses.

Let me know when you've got it.

A. Okay.

Q. Did the ISO analysis of NYRI's reliability impact indicate that NYRI would eliminate congestion across the central east interface?

A. (Buechler) The reliability analyses that you referred to here, conducted as part of our comprehensive reliability planning process, does not evaluate that particular impact, i.e., impact on transfer capability.

However, we utilized the results of the SRIS study to model the reliability impacts that we consider in the planning process.

Specifically, while the SRIS study indicated approximately a 1,200 megawatt increase in transfer limit as stated in my testimony here, for purpose of the CRPP, we assumed a more conservative 1,000 megawatt increase in transfer capability for the purpose of doing a reliability analysis.

That's my testimony on page 24, lines 18 to 23.

JUDGE STOCKHOLM: Why did you pick 1,000 as

compared to any other number?

(Buechler) There are other constraints that may occur in that region of the system in -- in real time, if you will. And so we felt it was more conservative to make that assumption for the purpose of doing the reliability adequacy analysis.

JUDGE STOCKHOLM: So under some circumstances would it be fair to say that you couldn't take 1,200 megawatts at the bottom end of the line? Is that what you're referring to?

(Buechler) Yes, there might be some circumstance -- some specific operational circumstances.

JUDGE STOCKHOLM: Thank you.

BY MR. BLOW:

Q. So you don't believe that the NYRI project would eliminate congestion across the central east interface, do you?

A. (Buechler) Again, we did not study that specific question. In the reliability planning analysis, we looked at the impact with and without the NYRI line on statewide resource adequacy or the so-called statewide loss of load expectation.

And what we found in both the 2007 CRP and the 2008 CRP is that there would be a marginal improvement

in the statewide loss of load expectation with the line in service rather than without the line.

As I mentioned in my responses to Mr. Glasser earlier, our economic planning process, which is designed specifically to look at congestion impacts of facilities, has not yet begun. And in any event, we have not analyzed the NYRI project certainly at the NYISO, to my knowledge.

Q. Please refer to pages 31 to 32 of your testimony regarding potential future congestion analysis under CARIS.

A. (Buechler) Yes.

Q. You don't believe that it's likely the NYRI project would eliminate congestion -- that is, price differences -- across the central east interface, do you?

A. (Buechler) That would call for speculation on my part, since we have not performed that analysis, as I just mentioned.

Q. Let's -- what about a hypothetical where we talk -- just any project that goes through the CARIS process, would it be likely that any one project would eliminate congestion across an interface?

A. (Buechler) I --

Q. Focusing on the word "eliminate".

A. (Buechler) Probably not.

Q. Now, isn't there a significant transfer capability between the Hudson Valley and New England?

A. (Buechler) I don't know the specific amount of that at hand. There is a certain transfer capability between New York and New England, if that's what you're referring to.

Q. And this tends to equilibrate prices between Hudson Valley and New England, right?

A. (Buechler) Transactions between those areas, certainly. Since both areas are organized wholesale markets, would tend to do so, yes.

Q. If the NYRI project were to reduce price differences across the central east interface, would the reduction be due to lower prices in Hudson Valley and New England, or higher prices in Western New York?

A. (Buechler) My view would be probably a combination of both.

Q. If prices in Hudson Valley and New England were to be reduced below the cost of building and operating new gas-fired generation, isn't it reasonable to assume that this would discourage new generation in Hudson Valley and New England?

A. (Buechler) Any reduction in congestion or resulting in a change in prices in a given area would certainly have an economic impact on other resources in those areas or other resources desiring to enter into those -- into those areas or markets.

Q. If new generation in that region were discouraged, future load growth and/or generation retirements would tend to increase prices, right?

JUDGE STOCKHOLM: Could I have that question read, please.

(The question was read by the court reporter.)

(Buechler) I guess my response would -- would depend upon the sequence here. Certainly rel -- I guess relative to what would be a clarification of request, relative to what condition would increase prices.

BY MR. BLOW:

Q. Well, let's start -- let's just break it down.

If future load growth were to occur and generation retirements were to occur, then that would tend to increase prices, right?

A. (Buechler) All other things being equal, yes.

Q. Is it reasonable to assume that long-run prices

in Hudson Valley and New England will reflect the cost of building and operating new gas-fired generation?

A. (Buechler) Again, I guess, if you assume that the new gas-fired generation is in that area or accessible to that area, I would say yes.

Q. Now, you sponsored Exhibit JPB 8, the draft reliability needs assessment, right?

A. (Buechler) Correct.

Q. And that's, I believe, 281. Did the NYISO's board of directors make any change when it considered the draft 2009 RNA at its January 13, 2009 meeting?

A. (Buechler) Any change -- is your question, I'm sorry -- any change from the documents included as this exhibit.

Q. Yes.

A. (Buechler) Is that your question?

Q. Yes.

A. (Buechler) My recollection is that there were some editorial, but not substantive, changes which may have taken place between the time we submitted this testimony and the board approval in January, but no substantive changes.

Q. If a transmission project were proposed for reasons of public policy, would the NYISO's planning

process be able to evaluate the reliability and economic implications of that project?

A. (Buechler) Yes.

Q. Now -- but I'm -- I want to explore that a little bit. Right now we have a CRPP, right, and the cost allocation process is pretty well-known?

A. (Buechler) Yes, but in these discussions so far we've been focusing most on cost allocation under economic planning process, so I wanted to make that distinction.

Q. Sure. But --

JUDGE STOCKHOLM: Are those cost allocations finalized?

(Buechler) The Federal Energy Regulatory Commission has not made a final determination on the NYISO's compliance filings, including certain aspects of the economic cost allocation methodology.

Mr. Blow, a amount ago, was talking about the reliability planning process, and those requirements were accepted by the FERC in its October order.

JUDGE STOCKHOLM: You indicated that with regard to economic cost allocations, that the FERC has not yet rendered a decision on the NYISO filing.

Am I right about that.

(Buechler) Not a final decision.

JUDGE STOCKHOLM: Not a final decision.

When was that NYISO filing? Was it the filing last September?

(Buechler) No, Your Honor. The filing in which the economic planning process, including the cost allocation provisions, was made on December 7th of 2007.

JUDGE STOCKHOLM: So, you're suggesting -- so FERC has not finally resolved a matter of cost allocation in a year and four months; is that correct?

(Buechler) That's correct.

JUDGE STOCKHOLM: Oh, to have the availability of time that's available in Washington.

Thank you. Go ahead, Mr. Blow.

MR. BLOW: Thank you.

BY MR. BLOW:

Q. All right. So let me just understand the -- so there, there are -- under the ISO process, there are two potential, as I understand it -- and correct me if I'm wrong -- two potential cost allocation scenarios: One for the CRPP and one for the CARIS process, right?

A. (Buechler) Correct.

Q. One being reliability, the other being economics?

A. (Buechler) Correct.

Q. But there's been testimony in this proceeding, and I think I read a Commission order recently, that in '07 E something or other, was issued in February of -- February 18 this year that talked about other policy considerations and so on.

If the Commission were to approve a project based on other policy considerations, would that project develop or have to go through the ISO to get to -- through one of those two cost allocation processes?

A. (Buechler) The specific Public Service Commission policy statement that I belive you're referring to does have a very direct bearing on projects that may arise from the NYISO's comprehensive reliability planning process.

Without going into a great deal of detail, unless you'd like some further explanation, one of the outcomes of that process could be that in -- because of the lack of market-based solutions or the lack of timely market-based solutions, the NYISO could request a transmission owner to submit what's called in our parlance a regulated backstop solution to the Public Service Commission for its consideration.

As part of that process, other developers, other projects may also appear before the Public Service

Commission for consideration. The February 18 policy statement specifically deals with the policies that the Commission and its staff would be using in that event.

So that is very directly tied to a potential regulated -- the need for a potential regulated solution under our reliability planning process.

Q. Okay. Well, let me ask you, I guess, a more general question. Would a -- if a developer -- could a developer decide that it -- decide not to proceed through one of the cost allocation process doors, or whatever you want to call it, at the NYISO?

If there were another cost allocation method, say the Public Service Commission granted a certificate with a specific cost allocation method in it for some reason or other, it -- would you -- do you think that -- well, is it your understanding that the developer is required to go through one of the two processes at the ISO?

A. (Buechler) The only requirement that we currently have in our planning process is that a transmission owner -- and in our parlance again, a responsible transmission owner -- will proceed with licensing and developing a project if the NYISO's reliability planning process determines that a regulated solution is needed.

A non-transmission owner, if you will, does not

have any obligation to enter into the NYISO's either reliability or economic planning process.

Q. Are you aware that NYRI's Lesser/Puga panel included, as their Exhibit JAL/JNP 5, the NYISO's November 2008 white paper entitled "Transmission Expansion in New York State"?

A. (Buechler) I was not aware of that, no.

Q. But I am correct, am I not, that you were NYISO's lead author of that paper?

A. (Buechler) I was one of the NYISO staff, along with outside consultants retained to prepare that paper, yes.

Q. Did this white paper provide a benefit cost study of NYRI or any other transmission project?

A. (Buechler) No.

Q. Did this paper determine that NYRI is needed in order to satisfy the state's public policy goals?

A. (Buechler) No.

Q. Did this paper recommend construction of NYRI?

A. (Buechler) No.

Q. Regarding your testimony at page 9, lines 8 through 16, your direct testimony, has the NYISO prepared any benefit cost study of NYRI?

A. (Buechler) Not to my knowledge.

Q. Does the NYISO believe that NYRI is needed in order to satisfy the state's public policy goals, e.g., development of renewables?

A. (Buechler) I have no opinion on that -- on the question.

JUDGE STOCKHOLM: Let me ask -- excuse me, Mr. Blow.

Allegations have been made on this record that wind -- upstate wind power is constrained upstate.

Can you explain to me what that means or what your understanding of that is? Is it bottled up? And if so, how is it bottled up? At what voltage level?

(Buechler) I certainly have some general knowledge of that, Your Honor, not having conducted any studies myself.

The preponderance of wind projects, both currently in service and proposed, as I think is well-known, are in the northern and western parts of the state.

The typical power flow in the state, even prior to those projects, is in a west to east and a north to south direction, largely because the -- the major hydro projects and significant nuclear resources and coal resources are located in those northern and

western portions of the state.

The NYISO is in the process of conducting an analysis, has been working with the staff of the Public Service Commission in this respect, and the transmission owners as well, to explore the degree to which additional renewables, additional wind in those areas might be constrained to deliver their energy -- their full output at -- during all hours of the year. So to that extent I know we're -- that we are involved in looking at that issue.

JUDGE STOCKHOLM: Are they currently constrained? Are the existing wind sources currently constrained?

(Buechler) To my knowledge, there have only been very rare instances where the output of existing units have been constrained. And at least the instances that I'm aware of took place because of a contingency on a system or a facility being out of service, for example.

JUDGE STOCKHOLM: I've heard anecdotally -- and I do not know the truth of this -- there are times when the Athens natural gas plant has to be backed down in order to take the wind that's coming off of the -- off of the windmills. Is that true?

(Buechler) I don't have any knowledge of that, Your Honor.

JUDGE STOCKHOLM: In your opinion, could the existing transmission system, as it exists today in New York, handle -- I'll explain what I mean by handle in a second -- but handle the output of the wind projects that are currently in the NYISO's queue?

And what I mean by handle, is can the transmission system deliver that power around the state, or will it be, as people have alleged in the record, bottled up?

(Buechler) My belief is that if all the wind energy that's in the queue is developed, that there is not sufficient transmission to allow that to operate and deliver its energy 867 hours of the year.

JUDGE STOCKHOLM: Would your opinion be the same if I asked you hypothetically if we were to import a thousand megawatts of additional power from Canada? Would your answer be the same with regard to the adequacy of the system?

(Buechler) I haven't done that study, but consistent with the location or the likely location of the input of that power, basically in the north and/or west, they would at some point face the same types of

limitations.

JUDGE STOCKHOLM: Would the Messina to Marcy line, as it currently exists, be able to handle another thousand megawatts, if you know?

(Buechler) I don't -- I don't know the answer to that question.

JUDGE STOCKHOLM: Mr. Blow.

MR. BLOW: Thank you.

JUDGE STOCKHOLM: And thank you.

MR. BLOW: No problem.

BY MR. BLOW:

Q. Does the NYISO recommend construction of NYRI?

A. (Buechler) No. We have taken no position on that -- on that question.

Q. Have any NYISO white papers made the determinations, as I've just asked you about, in support of a project or -- or recommending the projects take -- project developers take certain actions?

A. (Buechler) The NYISO conducts its evaluations, if you will, of proposed projects, be they transmission, generation, or demand response resources, in accordance with the requirements of our tariffs, which look -- which include interconnection requirements, as has been talked about here, which are based upon reliability --

upon meeting all applicable reliability requirements.

We also conduct our comprehensive reliability planning process in accordance with those same criteria and will be conducting shortly the economic planning process. Throughout those processes the NYISO -- the NYISO processes and tariffs provide explicit preference in the planning process to market-based solutions.

That being said, the NYISO does not take any position for or against any specific project, but rather fulfills those responsibilities and reports our findings.

JUDGE STOCKHOLM: Mr. Buechler, when do you expect this process that you, I think, referred to as understanding the CARIS process, when do you expect that to be completed?

(Buechler) Well, Your Honor, like any good planning process, it will probably never be completed. Our schedule for the -- for the initial implementation is May to June of this year.

And the initial implementation will be the first step, which is called the study phase, where in conjunction with our stakeholders we will identify, based upon historic and projected congestion, certain areas of the system that will be studied to determine

potential mitigation to that -- to that congestion.

That part of the process is scheduled for completion by the end of this year. So, that's where it stands.

JUDGE STOCKHOLM: So do you know, if I asked you for calendar year 2008, what the cost of congestion was in the state of New York? Do you have that number now? Sounds like you are going to calculate that number in some fashion in the future, but do you have it now?

(Buechler) We have been -- the NYISO has developed a methodology over five years ago to track and report historic congestion on the system. We still -- last time I looked, we still hadn't completed the analysis for 2008, but we do have a very detailed reporting of congestion on the system and including constrained elements for the years from 2003 to 2007 on our website.

JUDGE STOCKHOLM: You also mentioned a couple of minutes ago a study that you were working in conjunction with staff to look at, I think, wind generation impacts on the transmission system?

(Buechler) Yes.

JUDGE STOCKHOLM: And when is that study supposed to be done?

(Buechler) That's due for completion in about a month from now. I don't have an exact date.

JUDGE STOCKHOLM: Are you aware of any transmission studies, other than that study, that are currently in process in New York?

(Buechler) Yes. I believe that Energy East has been charged with performing such an analysis on their local transmission system as part of a Commission order.

JUDGE STOCKHOLM: Are you aware of any other transmission studies being done by the transmission owners and/or NYPA?

(Buechler) Yes, I -- yes, I'm aware of a number of other studies being done, but I guess I thought your question was specifically focused on wind gen -- deliverability of wind generation.

JUDGE STOCKHOLM: Well, actually, the prior question was. I apologize for that.

(Buechler) Okay. Could you restate, then, your second question was.

JUDGE STOCKHOLM: Yeah, let me restate.

My understanding is there are a number of transmission studies that are currently underway that are not completed that are scheduled to be completed at

some point in time in the next six to nine months.

Could you give me a list of projects that would fall in that category. I think you gave me one, the NYSEG one.

(Buechler) I will try. Studies that I'm aware of --

JUDGE STOCKHOLM: Actually, you gave me two. I don't mean to be misleading, but the one that you're working with staff on wind, and then you also mentioned NYSEG.

(Buechler) Yes. If we broaden that question then to other transmission studies ongoing in the state, the New York State transmission owners, with the participation and cooperation of the NYISO, have just begun a long-range assessment of the transmission system in New York State, looking out over a 20-year period, beginning with the database, if you will, or the model utilized in the NYISO's comprehensive reliability planning process.

But this study will be looking at things from a condition assessment, i.e., a physical condition assessment of the system, as well as reliability and potentially economic impacts, but that study has just recently gotten off the ground in the past month.

JUDGE STOCKHOLM: Do you know what the schedule is for completing it?

(Buechler) Actually, I do not. The schedule, as I understand it, is under reevaluation because it just took longer than expected to retain a consultant and to begin this. I believe the transmission owners are currently reevaluating the schedule.

The prior schedule was to have at least the first two phases of that study completed by the end of -- well, by -- by the first quarter of next year, actually, so I suspect it's been moved out a bit.

JUDGE STOCKHOLM: Are there any other studies you're aware of?

(Buechler) Yes. The New York City Economic Development Corporation had commissioned a study and retained a consultant to look specifically at potential transmission alternatives for supply to New York City. NYISO has had an advisory role in that study.

I believe a draft is to be released within the next several months but, again, I don't have a specific schedule on that one, either.

JUDGE STOCKHOLM: You would expect that to be in the third or fourth quarter of the year as a final

document?

(Buechler) I believe that's what -- what the current schedule is, and they're pretty much on it last I heard.

JUDGE STOCKHOLM: Okay. Any others?

(Buechler) The state energy planning process is certainly doing -- performing analyses of the electric system. I don't know whether I would call it in the first instance a transmission study, but certainly the transmission system is being modelled as part of that process.

JUDGE STOCKHOLM: And are you aware of the timing currently contemplated for that energy plan?

(Buechler) Well, my understanding is that the draft they -- has been -- has been moved to I believe it's July 15th. Maybe others in this room could answer that better. But the final report due in mid-October, I believe.

JUDGE STOCKHOLM: Thank you.

Mr. Blow.

MR. BLOW: No further questions, Your Honor.

JUDGE STOCKHOLM: Did I scare you from the rest of your questions, Mr. Blow?

MR. BLOW: No. No. I was finished.

JUDGE STOCKHOLM: Okay. I just want to double-check.

Mr. Belsito, you had no questions?

MR. BELSITO: That is correct.

JUDGE STOCKHOLM: And LIPA jumped in to volunteer to go next, actually.

So, please proceed.

MR. LANIADO: Thank you.

CROSS EXAMINATION

BY MR. LANIADO:

Q. Good afternoon, Mr. Buechler. I have a couple of questions for Mr. Buechler.

If we can go to page 29 of your prefiled testimony, direct?

A. (Buechler) Yes.

Q. And if you look at line 20, and I'm going to be talking about the CARIS process. You see the words there, "While the initial eligibility for regulated cost recovery will be determined on the basis of the NYCAY production cost savings"?

A. (Buechler) Yes.

Q. Am I correct that under the NYISO tariffs -- and I'm referring to what's been marked as Exhibit 274, but it's Section 15.3 -- that the benefit metric is the

present value of the annual NYCAY production cost savings that would result from the implementation of a proposed project over a ten-year period?

A. (Buechler) Yes, that's correct.

Q. And if I go to E of that same section, it says, "To be eligible for cost allocation and recovery under this Attachment Y."

Do you see that?

A. (Buechler) Yes.

Q. So am I correct to interpret the tariffs that in order to be eligible, that the -- you first have to pass the production cost savings criteria?

A. (Buechler) That's the initial threshold for eligibility, yes.

Q. You don't pass it, you don't -- there's no cost allocation procedures that follow that?

A. (Buechler) That's correct.

MR. LANIADO: Okay. Your Honor, I would like to have a document marked for identification. It's the response by NYISO of Mr. Buechler to LIPA 18. It's a one-page document.

JUDGE PHILLIPS: When we get our copy, it will be marked for identification as Exhibit 284. We did skip a number, just in case you're wondering.

BY MR. LANIADO:

Q. Mr. Buechler, do you now have 280 -- Exhibit 284 before you?

A. (Buechler) Yes, I do.

Q. And I'd like to go to Response B, where -- and if we can just go to the middle of the response where you are asking a question -- you are answering a question as to the likelihood of using this Article VII record in the CARIS process.

And if I go one, two, three, four, five -- about five or six lines down into the response, you say that "It does not appear likely that the record in this proceeding" -- which is the Article VII proceeding -- "would be useful for the calculation of LBMP savings."

Do you see that?

A. (Buechler) Yes.

Q. Is it my understanding -- and I believe you may have covered this with Mr. Glasser -- that NYISO will be conducting its own process and will not be relying upon this record?

A. (Buechler) Yes. That's correct.

MR. LANIADO: No further questions, Your Honor.

JUDGE STOCKHOLM: Could I ask the reporter

to read that last question, please.

(The question was read by the court reporter.)

JUDGE STOCKHOLM: Are you suggesting that there's no documents and no evidence in this record that the ISO would consider?

(Buechler) No, I'm not -- I was not, Your Honor. And I guess I should preface that with the comment I had made earlier that -- to Mr. Glasser that the NYISO would not be conducting any economic planning evaluation of the NYRI project on its own, but only in the event that the developer came to the NYISO desiring cost recovery under our tariff. So, I just wanted that to be on the record once again.

JUDGE STOCKHOLM: And assuming relevance and materiality and those kinds of things, facts and information and data from this case would be considered by the ISO, assuming it's relevant and material?

(Buechler) Well, as I mentioned before -- several times before, that -- that we have to abide by the requirements of our tariffs in conducting these analyses, and that there may well be different assumptions and inputs used for the economic planning analysis.

It's certainly possible that some of the information that may be brought out or discussed in this proceeding may be relevant, but the NYISO intention would be that that information would be -- would have to be brought specifically to our process to address those same -- those same questions.

So the NYISO would not simply assume that information derived here would be used as an input to our evaluation.

JUDGE STOCKHOLM: But it could be?

(Buechler) But it could be. Could be, certainly.

JUDGE STOCKHOLM: Okay. I guess that's my only point.

JUDGE PHILLIPS: Any more volunteers to go next?

Ah, good, DEC.

MR. LITTLE: Thank you, Your Honor.

CROSS EXAMINATION

BY MR. LITTLE:

Q. On that topic, Mr. Buechler, the economic planning process, not being indoctrinated in the particulars of the ISO responsibilities I think I know the answer to this question but couldn't go very far

without asking you first.

Would that economic planning process require that NYRI supply the costs of the alternatives to its projects?

A. (Buechler) No, it does not. Our process does not require that.

Q. And I notice that your testimony also -- I'm on page 32 of your testimony, and at line 9 you make reference to a demonstration to the -- to FERC, the Federal Energy Regulatory Commission, and it's apparently -- I don't mean to put words in your mouth, but you used the word reasonable, and I'll call this a reasonableness test for purposes of just conversation.

Do you know whether that test would require NYRI or any applicant to describe the costs of the alternatives to its project?

A. I don't specifically know that.

MR. LITTLE: All right. Thank you.

I don't have any further questions, Your Honor.

JUDGE PHILLIPS: Okay. I think we only have NYPA and NYRI left; is that correct? Do either one of you want to go next?

MS. BARISH-STRAUS: I have about a half

hour. I don't know if you would like me to start or take a break.

JUDGE PHILLIPS: No. You can go ahead. Please proceed.

CROSS EXAMINATION

BY MS. BARISH-STRAUS:

Q. Mr. Corey, I'm going to direct my -- first my questions to you and your direct testimony. On pages 6 to 8 of your testimony you described the NYISO's interconnection process and explain how a new facility can reliably interconnect with the New York State transmission system.

As I understand it, there are up to three interconnection studies required for a proposed project under the large facility interconnection procedures, the LFIP: The interconnection feasibility study, the SRIS and the class year study; is that correct?

A. (Corey) Yes, that's correct.

Q. And it is my understanding that the NYISO board upheld the approval of the NYRI SRIS in August 2008 when it denied the appeal of Con Edison and O&R; is that correct?

A. (Corey) Yes.

Q. And in your testimony you state that NYRI is

qualified to be a member of the class year 2009, the study for which is scheduled to commence on March 1, 2009; is that correct?

A. (Corey) Yes.

Q. Do you know if that study has commenced yet for class year 2009 by NYRI?

A. (Corey) That class year study overall has commenced. There are the -- we're in the process of executing the necessary agreements to -- between the parties. We need to execute agreements -- study agreements with each of the interconnection projects that are in the class.

That's still in process, so we're still somewhat in a preliminary stage. The actual studies haven't really gotten underway, but the process of preparing for the studies is underway.

Q. And when do you anticipate that studies will be complete?

A. (Corey) For the class 2009, there are quite a few variables in determining when that may be completed. I would estimate that that would be completed in fall 2010 approximately.

Q. Okay. And what about the interconnection feasibility study, has that taken place yet?

A. (Corey) Yes, it has.

Q. Does that go before the SRIS and that's completed?

A. (Corey) Yes. The interconnection feasibility study is the first study, and that was completed.

Q. Do you know the date it was completed?

A. (Corey) Yeah. That was in June 2006.

Q. Okay. Thank you.

Is it correct that your assessment of the SRIS with respect to NYRI is that NYRI meets the NYISO minimum interconnection standard and can be interconnected and operated within all the applicable reliability criteria?

A. (Corey) Yes.

Q. Okay. Are you familiar with the NYISO board of directors' decision that I referenced a few minutes ago in which they upheld the SRIS?

A. (Corey) Yes. That was a sponsored exhibit.

MS. BARISH-STRAUS: Your Honor, I would like to put this -- it's sponsored. Does that mean it's already in?

JUDGE STOCKHOLM: Yes, I think that's what the witness meant.

MS. BARISH-STRAUS: Okay.

JUDGE STOCKHOLM: Is this one of your exhibits, sir?

(Corey) Yes, it is.

MS. BARISH-STRAUS: Okay. So I will -- I don't know what number it is, but I'm going to be referring to it.

JUDGE PHILLIPS: What number was it for you, Mr. Corey?

(Corey) I believe it's SLC 4.

JUDGE PHILLIPS: Okay. If that's the number --

(Corey) Exhibit 273 is what we have written down.

JUDGE STOCKHOLM: Oh, then that was SLC 5; is that correct?

(Corey) No, it should be SLC 4.

JUDGE PHILLIPS: No. SLC 4 has been marked as 272.

(Corey) Oh. Okay. Then I stand corrected on the exhibit number.

MS. BARISH-STRAUS: Okay. Thank you, Your Honor.

BY MS. BARISH-STRAUS:

Q. Referring to Exhibit 272, would you agree with

the statement by the board of directors in their decision in this exhibit that the SRIS is a preliminary non-binding study with a limited scope?

A. (Corey) Yes.

Q. Would you also agree that with the words in the statement of this decision that it is not the final study of the impact of a project on the reliability of a transmission system?

A. (Corey) Excuse me. Can you repeat that again, please.

Q. Would you also agree with the statement that it is not the final study of the impact of a project on the reliability of the transmission system?

A. (Corey) Yes, I would.

Q. And would you also agree with the statement that the interconnection facility study, which will be performed after the approval of the NYRI SRIS, will provide a detailed comprehensive analysis of the overall system performance, the conclusion of the NYRI project, and all other class year projects; is that true?

A. (Corey) Yes.

Q. So maybe you could help me understand the statement you made previously wherein you stated that the interconnection facilities study has already been

completed and that it was the first step.

Because as I understand this decision, it is stating that the interconnection facility study will be performed after the approval of the SRIS and will provide a detailed comprehensive analysis of the overall system performance with inclusion of the NYRI project and all other class year projects.

If I'm correct, you stated that the NYRI class year project will not be done until -- was it 2012 or 2010?

A. (Corey) I thought I said 2010.

Q. So how -- maybe you could explain the difference in what you stated about this interconnection facility study and what I'm reading in this decision.

A. (Corey) Well, I may have heard incorrectly or misstated before. The interconnection feasibility study is the first study of the process. And that is the study that was completed.

The facility study, which is the -- synonymous with the class year study, has yet to be completed.

JUDGE STOCKHOLM: And won't be completed until 2010?

(Corey) That was my estimation, yeah.

JUDGE STOCKHOLM: So we're not going to

know what the -- if we rely strictly on the ISO's process, we're not going to know what the reliability impacts and the economic impacts of this project are until 2010?

(Corey) well, let me start with the inter -- the facility study will evaluate and reevaluate the reliability impacts of interconnection of the NYRI project. And we will evaluate the -- what system upgrade facilities will be needed.

However, that study will not evaluate the economic benefits, if you will. That won't include an economic analysis of the NYRI project in a planning sense.

JUDGE STOCKHOLM: So would the answer to the economics be later than 2010?

(Corey) As I -- I believe said before, Your Honor, the economic planning process -- there is no obligation for any entity to come to the NYISO for evaluation of the economic planning process. If NYRI -- if and when NYRI chooses to do so, we will evaluate the project in accordance with that process.

However, as I also said, we're still getting that process up and running. We would not anticipate being in a position to evaluate a specific project until

the phase one study work is completed, which I mentioned before is scheduled for the end of this year. Because we would, obviously, need those same models and inputs and so forth developed to analyze a specific project as well.

So, yes, that that would be in 2010 -- at some time in 2010 as well.

JUDGE STOCKHOLM: Okay. So do I take it correctly that there's no provision in your tariffs that require you to make a decision in 12 months on these matters?

You can take that as a rhetorical question.

I'm sorry. Go ahead.

BY MS. BARISH-STRAUS:

Q. Am I correct in assuming that the interconnection facility study that we're discussing, and that Judge Stockholm just asked you about, is apart and separate from the economics?

A. (Corey) It's separate from any economic evaluation of the project. The economics that are involved with the interconnection facility study are limited to the cost responsibility for the system upgrade facilities that would be identified in that pro -- study.

Q. So for the record, I would just like to clarify that the costs that we're talking about are not in terms of the system costs to the bulk transmission system, but the costs we're talking about in the interconnection facility study basically deal with the class year applicant and their cost to interconnect into the system?

A. (Corey) Yes.

Q. Okay. I just would like that clarification in the record because it has nothing to do with the CARIS project -- the CARIS part of what Mr. Buechler was just talking about.

That's a separate economic analysis apart from the class year study and how to get a project into the grid?

A. (Corey) That's correct.

Q. Okay. Thank you. I would just like to take the statement in the decision one step further, and either one of you may answer it.

Do you have any idea which modelling assumptions will be used when this interconnection facility study is going to be performed? Because as I read this decision, it states that "The interconnection facility study will use modelling assumptions that have been updated from

those used in the scope of the NYRI SRIS?"

A. (Corey) Yeah, the interconnection facility study in the class year process, we will, first of all, establish a -- an existing system case where existing system is as defined in Attachment S of our tariff.

An existing system there would include the generation and transmission facilities as they exist and are documented in the ISO's annual load and capacity data report and those facilities that exist.

We would also include the projects from previous class years that have accepted their cost allocations and are presumed to be in the baseline assessment. And that would create cases that would be used in what we call the annual transmission baseline assessment, or ATBA.

Then starting with that case, the case that would be used for evaluating the class year projects, including NYRI for class 2009, we would then add in the projects in the class and model those in a case, and that would create a second set of cases that would be used in what we call the annual transmission reliability assessment, or the ATRA, as described in Attachment S.

So those would be the steps that we would go through to update the cases and assumptions for the

facility study.

Q. And so the end result would be that this 2010 interconnection facility study would provide a snapshot, then, in 2010 of a detailed comprehensive analysis of overall system benefit? Because I hear you focusing on class year and interconnection.

I'm concerned about how do you determine the overall comprehensive system benefit and performance. What models are you going to use? It says, "Using modelling assumptions."

Are you only going to use class year in those projects from prior class years that include NYRI in the 2009 class year, or are there other modelling assumptions that are going to go into this interconnection facility study?

A. (Corey) Again, just in part of your question, you again said -- mentioned about evaluating economic benefit and the class year facilities study --

Q. I'm sorry. I thought I said overall system. I'm not concerned about the economics. I'm concerned about the detailed comprehensive analysis of the overall system performance. I'm not really focusing on economics.

You seem to be focusing on the economics of the

class year. I'm focusing more on what models will you use to arrive at a final interconnection facility study which may occur in 2010.

A. (Corey) Okay. The models that we will develop and be used in this ATBA and ATRA cases will include power flow models for the summer and summer peak conditions, winter peak conditions, light load conditions.

Those would be the -- those models would represent a time frame of five years in the future. That's the time frame that we perform those evaluations in.

So I would represent a load forecast that -- for instance, if we're starting with the load forecast that's in the 2009 load and capacity data report, we would use the load forecast for 2014, I guess it would be, which would be five years from the 2009 date of the start of the study -- the class of 2009 study.

We would also use and develop a -- comparable cases that are short-circuit cases to perform short-circuit evaluations, and we would also develop stability cases to perform on a stability analysis.

Those are the type -- those are the cases that would be developed for the facility study.

Q. Okay. So --

JUDGE STOCKHOLM: How do you determine the ultimate inputs to those models? In other words -- I don't want to pick on anybody in particular, but let's say National Grid wants input X and Con Ed wants input Y when these studies are being done.

How is that resolved.

(Corey) for those examples, for National Grid and Con Edison, they provide input on the representation of their facilities in the -- in those models. And there is an annual process by which they provide those inputs to the ISO for the -- for those cases.

For example, the -- a key set of cases that are used are the -- and processed for providing data for those cases is the -- what we call the annual FERC 715 filing. That's an annual filing that the ISO makes to FERC on its own behalf and by behalf of the transmitting utilities in New York State.

It's a filing that's required on April 1st each year. And in those filings we prepare power flow cases for both an operational period time frame and in a five-year ahead planning time frame and a ten-year ahead planning time frame.

And each of the transmitting utilities in the state provide input to those cases. Those inputs are provided to the ISO and then the ISO compiles the cases together and submits the filing.

JUDGE STOCKHOLM: I don't think you really got to my question. My question is that these studies that are being done -- let's say the class year study that is being done, those studies are being done by the ISO through a committee; is that a fair statement?

(Corey) The studies are done by the ISO and coordinated by the ISO in some cases. Consultants may perform parts of the studies, either under contract through the ISO, or parts of the study can be done by the transmission owners or by consultants under contract to the developers.

JUDGE STOCKHOLM: No. I understand that. I'm looking at -- looking for something else, actually.

Is there a committee at the ISO that oversees doing these studies, the class year studies specifically?

(Corey) Yes. That falls under the auspices of the operating committee, so --

JUDGE STOCKHOLM: Okay. Has the operating committee ever had a disagreement about how these

studies ought to be done, among its members?

(Corey) I don't recall any instance that the -- there were disagreements on how the study would be done. Sometimes --

JUDGE STOCKHOLM: Do you mean there's a hundred percent agreement among all the members of the NYISO with regard to all of the factual inputs for these studies; is that what you're saying?

(Corey) Well, the -- for the class year facilities study, we use a -- some other stakeholder groups that assist and provide input to the study.

First of all, we have an interconnection project facilities study working group that we form for each class year study, which primarily consists of the developers that are -- have projects in the class and transmission owners.

There is an open enrollment for that -- for that working group. And that working group would, first of all, discuss the inputs. Each of the developers and parties in that process would evaluate their -- provide their own inputs. And we would discuss issues and try to resolve issues at that level first.

After the study has gone past that stage, we would then -- the transmission planning advisory

subcommittee, which is one of the subcommittees of the operating committee and provides recommendations to the operating committee, they would next review the inputs and the process of the study.

And again, we would have -- if there were any issues raised, those would be discussed and we'd try to reach a consensus on any issues raised at that point.

So, by the time it gets to the operating committee, usually most of the issues have been -- have been raised and addressed such that the operating committee can proceed without further issues.

JUDGE STOCKHOLM: Yes. And if I recall, the SRIS in this case went to the operating committee and everything wasn't settled by consensus; is that correct, sir?

(Corey) Yes, that's correct.

JUDGE STOCKHOLM: And what are the -- what is the voting process at the operating committee level? Who has what votes?

(Corey) That is the sector weighted voting of the ISO's governance process.

JUDGE STOCKHOLM: Okay.

The TPAS, what is the voting on the TPAS if a matter comes to a vote and you can't get consensus?

Is that the same sector weighted voting?

(Corey) There isn't a sector weighted voting. It's just a consensus of those present during the -- when that -- the item comes up for action. If there is not a consensus reached, then the process is to -- has been to go to the operating committee, and the ISO and the various parties that had positions at the TPAS can present their own positions to the operating committee.

JUDGE STOCKHOLM: So would it be true that the operating committee can control what inputs are used in the CARIS process and can do so by sector weighted voting?

(Buechler) You switched over there so we will over here, too.

JUDGE STOCKHOLM: Great.

(Buechler) First of all, the CARIS process is subject to review by the business issues committee, not the operating committee. So that's one change there.

JUDGE STOCKHOLM: Is that voting different?

(Buechler) No, the voting is still the same sector weighted voting. But let me make a distinction because we talked about voting before in the economic

planning process. The voting that would take place at the business issues committee and the management committee with respect to the CARIS process would be, in the first instance, very similar to the voting taking place with interconnection studies on the operating committee side, and that would be --

JUDGE STOCKHOLM: Which is sector weighted?

(Buechler) The process is sector weighted, but what is being voted on is that the process was conducted in accordance with the NYISO's tariff and the NYISO's procedures and rules. That's what the committee vote is voting on in -- I would say in both of those instances.

That is distinct from the beneficiary voting process, which comes after the stakeholder review of the analyses and the board approval that the analysis and the process used for the analyses was indeed correct and conforms with the tariffs.

So, two different kind of voting processes, at least with respect to the NYISO's economic planning process.

JUDGE STOCKHOLM: I guess what I'm trying to get down to ultimately is: Is it correct that a majority vote, however the ISO defines that, can

determine whether or not a particular input is used in these studies? Let me say the class year study, just to use a particular one.

(Corey) I guess the -- that would depend. In Attachment S the rules for creating these cases, what I call the ATBA and the ATRA case, are fairly well detailed. I mean, not in every detail, but there's the basic inputs and the source of those inputs.

For instance, the -- there's a direct reference in the tariff to the ISO's load and capacity data report as a source for the -- of information as a basis for the cases to be used.

As long as the committee's input is consistent with the tariff, then it would be used. Certainly if it's -- if they make a -- you know, require an input that's inconsistent with the tariff, obviously, the ISO would object.

JUDGE STOCKHOLM: Counselor, thank you.

MS. BARISH-STRAUS: Thank you, Your Honor.

Q. Returning to your direct testimony, Mr. Corey, am I correct in assuming that the assumptions that you make regarding the SRIS are a snapshot today and really do not represent the information or the modelling that will be used in the interconnection facilities study that we

have been just talking about?

A. (Corey) The snapshot used for the system reliability impact study is done under a different case and different set of assumptions than what will be used in the class year facility study.

Q. And also the interconnection facility study, right, that we've just been talking about, that is the system benefit plan overall performance, correct?

A. (Corey) Yes. When I say the class year study and facility study or interconnection facility study, I kind of have been using those interchangeably.

Q. Can I ask why you use them interchangeably? Because I see the class year study basically as how you get a developer and its project into the grid and what costs are associated with having that project interconnect at that point, and that is what's looked at.

As I understand the interconnection facility study -- and please correct me if I'm not understanding it the correct way -- it's a more comprehensive system benefit that is going to use the power flow and all the other modelling assumptions that you just talked about. So I'm curious to why you've used those terms interchangeably.

A. (Corey) Sure. Attachment X is the large facility interconnection procedures document that discusses the facilities study -- the interconnection facilities study. I just tend to shorthand chop off the word interconnection and refer to it as a facilities study. That's what it is technically, the interconnection facilities study.

And that section of Attachment X immediately refers to the class year study process as the process that will be used for performing the facility study.

So, the facility study does include two parts, if you will, for each project. There's a part that evaluates just the facilities needed for the direct connection of each project. That would be the attachment facilities. And the system upgrade facilities just at the point of interconnection.

That would be part of the facility study, but the facility study also includes, in the ATRA, an eval -- a more systemic evaluation of what system upgrades facilities may be needed beyond the respective points of interconnection of each of the projects.

So that that evaluation is done in an aggregate class year basis and is included in the overall evaluation of the facility study.

Q. So how would you describe the role of the SRIS which is performed now in 2009 or '8? How do you -- how does the SRIS fit into the bigger interconnection facility study process?

A. (Corey) Well, that's the second of the three studies and the -- that provides a preliminary look at the impact of the project on the system. It's the first study that the operating committee is involved in.

The operating committee is not involved in the feasibility study, which is the first study, so it provides information ultimately to the developer on -- it provides a non-binding cost estimate of the system upgrade facilities and attachment facilities that would be needed for their project.

Again, it's preliminary. And that would then feed as information input to the class year study. But the class year study would reevaluate everything again under the assumptions of the class year process.

Q. Am I correct in assuming that the SRIS basically deals with minimum interconnection of a project into the system and not really the overall performance and system benefit of a project?

A. (Corey) Yes. It deals with minimum interconnection. That's true, yes.

Q. So, in your testimony I'd like to direct you to pages 10 and 11. When you summarize the SRIS's other primary conclusions, that's at this snapshot in time as of 2008 or '9?

A. (Corey) Excuse me. I was flipping pages. Just repeat that, please.

Q. Certainly. You have numbers 1 through 9, and you state on page 10 that those are the SRIS's primary conclusions.

But these are basically -- am I correct in assuming these are basically dealing with a snapshot in time with a preliminary interconnection report that really hasn't examined the entire bulk system transmission allocation or performance or benefits?

This is just basically -- the points you list, 1 through 9, are basically what you have concluded from the SRIS interconnection preliminary report?

A. (Corey) I would -- it's preliminary but it does perform a -- in this case particularly -- a systemic evaluation. It's preliminary more from the standpoint of the input assumptions, the base case assumptions that are used in SRIS versus the assumptions that are used in class year study, but the evaluation covered the entire New York State system.

Q. However, that -- am I correct in assuming that that evaluation is going to change based on the class year inputs and the other modelling that you're going to do in 2010?

A. (Corey) It certainly may change. It's possible that it won't change significantly, but in all likelihood it will change to some degree.

Q. If the SRIS basically deals with interconnection, and the interconnection facility study deals with overall system performance of New York State, how is -- and one is in '08 and '09 and the other is going to be performed in 2010 forward, how is it they're not going to be very different?

A. (Corey) Well, as I mentioned in the system reliability impact study, we do evaluate the entire system, so they are similar from that standpoint.

The class year facility study will evaluate -- reevaluate the system under a different set of conditions. Those conditions mainly are in regard to the assumptions about other projects that are in the queue, whether or not they are modelled in the base cases of the studies.

But in terms of the extent of the system that we're evaluating and the types of analysis -- for

instance, the power flow analysis, the stability analysis and short-circuit analysis -- the analysis will be substantially the same.

But again, under the class year facility study, the different assumptions will use the -- make a different assumption about the projects that are assumed to be in the base case for the study.

Q. And am I correct in assuming that the analysis may be similar, but the modelling and the inputs, as you described earlier in this -- in your testimony here, will be very different?

The power flow, the other studies that you've indicated will be included in the 2010 interconnection facility study?

A. (Corey) Yeah. The inputs to the class 2009 study that NYRI would be part of would be different, so I would expect the power flow cases and other related cases used in the class year study to be different than the SRIS.

Q. Thank you. I just have two more questions.

Regarding the testimony in response to Mr. Glasser's questions this morning, is it true that NYRI, at full output, would require that there are generation reductions at those plants, Roesten and

Dannskammer?

A. (Corey) As I indicated in my answer, the -- in the study, we did -- the analyst had identified that the -- without those generation reductions, that there would be some overload conditions. Those reductions were taken as illustrative reductions that could be possible.

As I mentioned, those would not -- in an actual operating scenario, those would not necessarily be the only options that would be considered or evaluated in operating the system.

And for example, one of the options that the -- the system operator would have would be reducing the level of NYRI below full output, as just an example.

Q. But it's your testimony that in order for NYRI to run at full output on the 345 kv system, running NYRI in that manner would require a generation reduction or redispatch of these two fully operating and functional plants?

A. (Corey) Well, that was the finding of the study that was performed for the summer peak load snapshot that was used for that analysis.

We -- in the SRIS, we don't evaluate multiple hours -- different conditions under different hours.

Under different circumstances it -- operating circumstances, it might be possible to operate NYRI at full output without requiring any redispatch of generation from what would otherwise be needed under those hours.

But that's -- that was not evaluated in this SRIS. The SRIS evaluated just specific -- a summer peak condition, a winter peak condition, and just one condition for each of those for power flow types of issues like we're discussing.

JUDGE STOCKHOLM: I think Counsel stated in her question that, in referencing these two plants, that they were fully operating. Do you know the capacity factor of these two plants?

(Corey) I'm sorry. Offhand, I don't know.

JUDGE STOCKHOLM: Thank you.

Mr. Buechler?

(Buechler) Also, I don't know offhand, Your Honor. That could be provided.

JUDGE STOCKHOLM: Thank you.

MS. BARISH-STRAUS: Thank you, Your Honor.

By MS. BARISH-STRAUS:

Q. So, I just wanted to clarify that in order for NYRI to operate at full output there would be overload

on the 345 kv system that you recommend would be mitigated by redispatch of generation at Roesten and Dannskammer, and that with respect to the 138 kv system overloads in the Schumacher/Chester/Sugarloaf area, those would be exacerbated by NYRI, so upgrades of selected transmission facilities in that area may be necessary.

And in number 4 of your testimony on page 11, you state also that "Post-contingency overloads were also identified in the areas to the north and west of the northern end of NYRI under the initial assume base case conditions, but that these overloads can be readily mitigated also by a redispatch of generation in those areas."

So am I correct in assuming that your testimony is that NYRI could run at full output, assuming that a number of generators on different kv systems would have to be backed down, shut off, redirected, in order for NYRI to operate at full peak, full output?

MR. SINGER: Your Honor, I object to the question. There's a number of statements in there that I believe mischaracterizes the testimony of the witness that we just heard.

The witness testified that the study

conditions that would potentially require the backing down of Roesten and Dannskammer generation were based on the power flow that was used for the SRIS study, and that power flow was dictated by the NYISO and provided as part of the scope of that study.

So, I think the first part of that question where Counsel indicated that the reduction in generation would be required in order to operate NYRI at the full 1,200 megawatts was not what the witnesses just stated. I think they stated that it was based on that particular power flow.

JUDGE STOCKHOLM: I believe that's correct.

But I understood the witnesses -- and I will ask you if I'm wrong about this -- that you said that you tested this and came to these conclusions based on a summer peak.

Did I hear that correctly?

(Corey) Yeah, it was a summer peak case projected five years from when the SRIS was started, so it was a five-year-in-the-future case and the -- and it was based under the study assumptions of -- that are required in the tariff of all projects ahead of the NYRI project being modelled in that case.

Many of those projects do not currently

exist and are not on the system.

JUDGE STOCKHOLM: Okay. Let me ask the question this way.

Given your findings of the two plants having to be backed down based on a summer peak load, can you reach any conclusions with regard to whether NYRI could operate at full capacity without those plants backing down during periods that were not peak load?

(Corey) That's not something we evaluated, and I guess I wouldn't want to speculate on that.

JUDGE STOCKHOLM: Okay. That's sort of what I thought.

Now, I've gotten far enough away from the question, I don't remember your question, and it was objected to. Would you rephrase it or restate it?

MS. BARISH-STRAUS: Certainly, Your Honor.

BY MS. BARISH-STRAUS:

Q. In your testimony, Mr. Corey, have you offered nine primary conclusions based on NYRI's SRIS?

A. (Corey) Yes.

Q. Mr. Corey, in number 3 of one of these conclusions on page 11, is it your testimony that power flow analysis identified that NYRI at full output would require a redispatch of generation, as I've explained,

in Roesten and Dannskammer on the 345 kv system?

A. (Corey) I wouldn't say that the -- you would necessarily need to redispatch Roesten and Dannskammer. That was the option that was evaluated as illustrative mitigation for the condition that was found.

As I indicated before, that's not necessarily the only options that might be available for mitigating the overloads.

Q. So are you stating that you would like to correct your testimony? Because I'm reading here that it says, "Power flow analysis identified that NYRI at full output would result in post-contingency overloads on both the 345 kv and 138 kv systems near the southern end of NYRI under the initial base case conditions."

JUDGE STOCKHOLM: Maybe post-contingency could be explained?

MR. SALTARELLI: Your Honor, if I could just interpose an objection and request that the very next sentence -- I believe these questions are misstating the written testimony.

The very next sentence says, "However, further analysis determined that the overload on the 345 kv system could be mitigated by a redispatch of generation in the case with generation reductions at the

Roesten and Dannskammer plants," which I think is what Mr. Corey has testified several times to as being illustrative.

So I think the question is misstating the written testimony to begin with.

MS. BARISH-STRAUS: I guess, Your Honor, I'm confused that it's illustrative because it's being offered as one of nine conclusions -- nine primary conclusions of NYRI's SRIS.

It's not an option. It's not illustrative. This is what will happen if NYRI operated at full output at the southern end of NYRI under initial base case conditions.

And I'm reading the testimony to offer some solutions on how to handle the overload at full output in this location of NYRI. One would be generation reduction at Roesten and Dannskammer on the 345. The 138 kv system overload in Schumacher, Chester and Sugar Load were exacerbated by NYRI, so upgrades would be necessary.

And the areas identified in the north and west of the northern end of NYRI under the initial assumed base case conditions would also require mitigation by redispatch of generation in those areas.

I am just restating what I am reading.

JUDGE PHILLIPS: Can I just jump in, though? I actually am looking at what you're reading, and on line 7 -- 6 and 7 -- it says it could be mitigated. On line 11, it says it may be necessary. And then the very last line says, "This need will be determined in the class year study."

So, I mean, we have this in the record. This has already been copied in. It says what it says. I guess I'm not really -- I'm not sure what you want them to do.

MS. BARISH-STRAUS: I guess I -- no, I'm fine. I was just rephrasing my question because of the objection.

JUDGE PHILLIPS: Right. Yes. But at one point in rephrasing your question you said will instead of may --

MS. BARISH-STRAUS: Okay. I'm sorry.

JUDGE PHILLIPS: -- and the other one, it said could be mitigated, and I think you were reading that more definitely than what is stated. And I'm only pointing out that this is in the record. It says what it says. I guess I'm not sure what else to do with this.

MS. BARISH-STRAUS: Your Honor, I'm happy to read it the way it's written. I'm just trying to establish that this was in the witnesses' testimony, and that running NYRI at full output may require redispatch and backing down existing generation. And that was his conclusion, conclusions based on the existing SRIS.

Thank you. I've no further questions. I think, given that it's one o'clock and everyone will probably kill me if I go on --

JUDGE STOCKHOLM: That's all right. They can kill me.

MS. BARISH-STRAUS: I don't want that to happen.

JUDGE STOCKHOLM: I want to make sure the record is clear so that I understand the record at this point.

Backing down the plants, as you proposed them, came out of the study where you assumed peak -- to begin peak load. Is there also a first contingency, if I can use that terminology, involved with that study?

In other words, do you assume that something is taken out or forced out of service in order to get to the point where you have to back those plants down? Or is it in normal operation?

A. (Corey) Well, it's part of normal operation to consider a first contingency criteria, so -- but the answer would be, yes, that the analysis considered both the base case conditions and worst case contingencies that were evaluated, first case -- first contingencies.

In this case, in the base case, overloads were identified, and in the SRIS process to evaluate whether or not the -- the issue that's indicated to be a potential reliabili -- adverse reliability impact could be managed by the ISO on normal operating procedures or the transmission owner's normal operating procedures.

The study further evaluates and identifies whether or not a redispatch of the system can be done to mitigate the overloads. It does not -- it is not to say that the redispatch that was done in the study is the only possible redispatch that could mitigate those overloads.

JUDGE STOCKHOLM: Okay. But my question is: When you found the overloads that you have to mitigate, is that under normal operations? That is to say, not first contingency?

(Corey) Yeah. There were both normal and post-contingency overloads identified in the base case.

JUDGE STOCKHOLM: Okay. So your statement

about backing down those two plants would apply in either event?

(Corey) That's correct.

JUDGE STOCKHOLM: Okay.

MS. BARISH-STRAUS: I do have one more question.

JUDGE STOCKHOLM: That's all right. I'll let you get back. I have one more question maybe. Maybe.

MS. BARISH-STRAUS: Okay.

JUDGE STOCKHOLM: All other things being equal, would you assume that the study outcomes that you generated -- looking at the contingencies, looking at overloads and so on -- if you looked throughout a calendar year, would the circumstances about needing to mitigate these overloads apply for all hours during that year or for only some portion of those hours? Or don't you know?

(Corey) Well, it would call for some speculation to answer that question. I would speculate that the -- there would be some hours that there would be no overloads, but that would be primarily because the -- just the generation dispatch for those hours would be such that the generators that you might have to

back down under a peak load condition are already operating at a lower condition for the lower load scenario.

JUDGE STOCKHOLM: Thank you.

Yes, Ma'am.

BY MS. BARISH-STRAUS:

Q. Mr. Corey, Mr. Glasser this morning brought up the issue of who would pay for the redispatch. So would the economic penalties resulting from a redispatch be captured at the economic studies under the CARIS?

MR. SALTARELLI: I don't believe any of the testimony earlier went into economic penalties, and I don't think it's part of the direct testimony.

JUDGE STOCKHOLM: No, but -- I know it's not part of the direct testimony, sorry.. but the question was brought up earlier on the record, and I think the witnesses said something about it.

But I think it's a pretty straightforward question: Is economic redispatch and any of the costs that go with that going to be considered in the CARIS analysis, if you know?

(Buechler) Yes, it will be.

MS. BARISH-STRAUS: I have no further questions --

JUDGE STOCKHOLM: Thank you, Counselor.

MS. BARISH-STRAUS: -- for this witness.

JUDGE STOCKHOLM: Always assumed. One at a time.

MS. BARISH-STRAUS: I would have about 30 minutes for Mr. Buechler, to 45 minutes.

JUDGE STOCKHOLM: Oh, you still have more of this panel, so to speak?

MS. BARISH-STRAUS: Yes. Yes. I was bifurcating it as I saw their testimony.

JUDGE STOCKHOLM: Okay. I think we need to break, though, for lunch. We'll be back at 2:10.

(Lunch recess taken.)

JUDGE STOCKHOLM: There was some discussion between myself and the other parties with regard to stops on our on site visit. I understand staff was trying to put together a complete list, more or less.

MR. BELSITO: Yes.

JUDGE STOCKHOLM: If I could add some things to your list.

MR. BELSITO: Sure.

JUDGE STOCKHOLM: First of all, Oneonta -- this is going to be on the Marcy South -- there was an issue that was raised by SUNY, I think, SUNY Oneonta

with regard to a research area.

Is that on the list already? Okay.

JUDGE PHILLIPS: Can you just confirm: Is this the area where they do the research of non-ROW and ROW flora and fauna? That's specifically what we are looking for.

MR. DEWAAL MALEFYT: It's where they formerly did the research.

JUDGE STOCKHOLM: I apologize but I am going to remind you that, A, you are under oath and, B, what do you mean by formerly?

MR. DEWAAL MALEFYT: I guess there was research done with the Power Authority but the funds have since tried up so they no longer are doing the studies that were talked about at the public statement hearings.

JUDGE STOCKHOLM: Do you have any documentation that shows that?

MR. DEWAAL MALEFYT: I have the studies that were done and they stopped. You can look at the annual reports of SUNY Oneonta. You can see the different studies that they have done, and the number of the studies that were done with the right of way vegetation stop.

I think the Power Authority can confirm that, too.

JUDGE STOCKHOLM: Do you know, Mr. Malone?

MR. MALONE: I don't, your Honor, but we will certainly check on that.

JUDGE STOCKHOLM: I would appreciate it.

Have you talked to Oneonta, Mr. DeWaal Malefyt?

MR. DEWAAL MALEFYT: I've gone out with the principal owner of the property and he's asked -- we can go over there and look at the conservancy plan. And you can drive by and see the classroom area.

You can see the Power Authority right of way that goes through the land. And you can look at the map that's in my exhibit. We recommend it as a stop.

JUDGE STOCKHOLM: That's fine for now.

The Wolf Lake community, I don't know where that is. I know we had public statements from people in that community, but I can't tell you exactly where it is.

Do the parties know?

MR. DEWAAL MALEFYT: Yes, we know where it is. I think we can drive by -- again, I think that's on our list.

JUDGE STOCKHOLM: It is on the list, okay.

MR. DEWAAL MALEFYT: Right.

JUDGE STOCKHOLM: Also, with regard to the public statement, I believe it was the Donlon family -- this is the northern part of the facility I believe along the prime route, I'm virtually certain along the prime route.

I am afraid I don't have anything beyond that to give you guidance. I know there were comments made. We will give you the address on that.

Crossing of the east branch of the Delaware River. I would like to see where that is, and if we can, if it's doable, I would like to see Millenium crossing of that as well.

Carter and Enscoe filed testimony and I would like to stop in that general vicinity as well.

MR. BLOW: We were just talking about that as well. I remember they asked for that property to be on the site visit. They sent me an e-mail recently as well.

JUDGE PHILLIPS: Actually, they also indicated, Ms. Carter did it, that it would be between stops 21 and 22 on the company's current proposal. Their neighborhood is right in between those two.

MR. BLOW: I didn't see that.

JUDGE PHILLIPS: I'm telling you. They indicated it to us. I'm just reporting it to everyone here. Ms. Carter indicated to us.

JUDGE STOCKHOLM: In addition a stop in the Mongawp Valley Wildlife Management area that would be appropriate, wherever the parties think is best.

Again, assuming we can get there, I would like to see the location of the crossing of the Rio Reservoir.

MR. BLOW: That's the same thing, Your Honor.

MR. SINGER: That's on the map as stop 23.

JUDGE STOCKHOLM: I am sorry. We didn't have a chance to cross reference all these different things. We were keeping our own list.

I think that's all that we have on our list at this point. So, to the extent you want to put together a list, if you can include those spots I would appreciate it.

MR. LITTLE: Your Honor, if I may, for the Department of Environmental Conservation, I just wanted to iterate that we would be bringing our letter tomorrow with suggestions in that regard and we will also look

into your inquiry about the Millenium right of way.

JUDGE STOCKHOLM: Thank you. I appreciate that. Any of that information you can get to staff today would be appreciated, but I understand the deadline is tomorrow.

MR. BLOW: We are trying to get it into the company for the proposed route and we are working on Marcy South as well.

JUDGE STOCKHOLM: Back to cross examination.

Ms. Barish Straus.

MS. BARISH STRAUS: Thank you, Your Honor.

Q. Mr. Buechler, good afternoon.

I would like to refresh your recollection for a moment those portions of your testimony addressing the comprehensive system planning process, which has the acronym CSPP, and lay a foundation for the questions I am going to have for you regarding the CRPP.

Is it correct on page ten you lay out three components of the CSPP. First would be the transmission study performed by the transmission owners in New York State entitled local transmission planning process, LTPP; is that correct?

A. (Buechler) Yes.

Q. The second phase would be where the LTPP provides

input into the NYISO's CRPP, comprehensive reliability planning process, and CSPP; is that correct?

A. (Buechler) Yes. The CRPP, the reliability planning process, is the first step, if you will, or the second step here of the overall planning process, so, it's inclusive -- the acronym CSCP is inclusive of both the reliability and economic planning process.

Q. Then the CARI, which I thought was the third phase, you would say is like a bifurcated second phase, the CARIS and the CRPP?

A. (Buechler) It's a continuation, really.

Q. I am going to focus on the CRPP for purposes of my questions to you.

Is it true that the CRPP is now in its fourth cycle and covers the years 2009 to 2018?

A. (Buechler) That is correct.

Q. Now, on page eight of your testimony, lines 11 and 12, you state that the NYISO has considered NYRI's project in its CRPP as an alternative regulated solution in the 2007 and 2008 CRPPs.

And then you go on to list what an alternative regulated solution project would be. However, on page 25, if you can turn to that, on page 25 line three of your testimony -- are you there?

A. (Buechler) Yes.

Q. Then you state that in the 2007 CRP the NYISO determined that there was sufficient market based solutions to meet the reliability needs the NYISO identified.

Accordingly, the NYISO did not have to ask the transmission owners to proceed with their regulated backstop solution and thus there was no opportunity for consideration of the NYRI project as an alternative to a TO's regulated backstop solution; is that correct?

A. (Buechler) Yes, that's correct.

Q. And then, continuing on that page regarding the 2008 CRP, I will summarize that, it states that NYRI again offered its proposed line as an alternative regulated backstop solution and, once again, there was no need for a regulated backstop solution so NYRI's alternative regulated solution was not placed before the PSC as a potential alternative regulated solution; is that correct?

A. (Buechler) Yes.

Q. So then, on page 19, you also state on line 20, that there was no venue in the NYISO CRPP for the further consideration of a proposed alternative regulated project.

So, isn't it true, then, that NYRI was not considered an alternative backstop solution in 2007 and 2008, as your testimony states on page eight?

A. (Buechler) No. And I think some clarification may be in order.

In our reliability -- in our CRPP process, begins with a determination of whether there are any reliability needs in the forward looking ten year period where the base case system is modelled very conservatively with respect to resource additions throughout that ten year period.

And typically in the past we have therefore found there to be needs, needs defined as violations of reliability criteria.

After the reliability needs assessment report is issued and approved, approved by the board following going through the stakeholder process, the NYISO solicits responses to those needs. Those responses are open to three categories of proposed solutions, purely market based solutions, what are called -- defined term in our tariff is regulated backstop solutions, which are exclusively proposed by the respective responsible transmission owner, generally the one in the area or near the area where the need was found to exist.

And the third category, which is particularly relevant here, is termed an alternative regulated solution, i.e., a non-transmission owner or -- sorry -- a non-responsible transmission owner who chooses to submit an alternative regulated project.

So, that could be a developer who does not want or is not planning to propose a merchant project, but instead would choose to enter that category, as is the case with NYRI or has been the case with NYRI; or it could actually be a transmission owner in an area of the state outside of where the need is determined who proposes an alternative regulated project to meet that need.

So, the NYISO then evaluates all of those proposed solutions in the second phase of the process, which is the preparation of the comprehensive reliability plan, and determines whether or to what extent those projects would meet the identified needs.

Now we have to look to the process under which any of those three types of solutions might be considered.

And probably, the thing I would suggest -- going back to the original citation in my testimony on page eight, which identifies five different steps that would

have to occur before an alternate regulated solution -- in this case we are talking about NYRI -- but before any alternate regulated solution might be considered.

First, it would have to be that the NYISO has determined that there were insufficient market based proposals to meet the identified needs throughout the entire ten year study period, and that therefore NYISO would request the responsible transmission owner to proceed with his regulated backstop solution.

At that point, the responsible transmission owner would file its proposal with the Public Service Commission and perhaps with other agencies that are involved in permitting whatever the project was.

Here we are not talking about just transmission, it could be generation transmission or demand response. In that process, the proposer of the alternate regulated solution, assume NYRI here, would file its proposal for consideration literally as an alternative to the transmission owner's backstop solution.

The Public Service Commission would consult with NYISO and request NYISO to verify that the alternative being proposed would, in fact, meet the reliability needs and that process, in fact, is the one that Mr. Blow referred to early in the Commission action just

last month on a specific process.

Then, finally, the PSC would select which of the regulated projects would go forward, whether it would be the original responsible transmission owner project as proposed, the original project perhaps as modified, or an alternate regulated solution.

So, it's in that whole procedure and process that, yes, the NYISO did evaluate the NYRI project because it had been proposed as an alternate regulated solution. And, as I said, we evaluate all proposed solutions that are received.

But the statement that you referred to on I think it's page 19, line 20 and 21, that there was no venue for the consideration of proposed alternative regulated projects is because in each of these two cycles, the 2007 and 2008 cycle, there were, in fact, more than sufficient market based proposals received, and therefore we did not proceed to really step one of these five steps that I just described.

Q. Thank you. I guess what I was focusing on was your statement on page eight, line 11, where you state that the NYISO has considered NYRI's project in its CRPP as an alternative regulated solution in the 2007 and 2008 CRPPs.

And then on the next page, page nine, lines three through seven, you state, To date, the NYISO has not determined that there is a need for regulated backstop project because there have been sufficient market based solutions to meet reliability needs. Therefore, NYRI's alternative regulated solution has not been placed before the PSC for consideration as a solution to a reliability need.

So, my question to you was: Is a contradiction of what is on page eight, lines 11 and 12? Page eight you state that it was considered and then on page nine and the other pages I cited, such as eight, 25 and 19, apparently NYRI was not considered.

A. (Buechler) I will try again. The NYISO process calls for analyzing all of the proposed solutions.

Q. Mr. Buechler, I think I can cut to the chase here.

The only way you get to an alternative regulated backstop solution is if you ask the TOs to come forward with a regulated backstop solution. Because that was not necessary for 2007 nor 2008, is it true that there was no need to consider the NYRI project as an alternative regulated backstop solution?

A. (Buechler) Maybe we are having trouble with

semantics here.

The NYISO considered both the alternate regulated solutions -- NYRI was not the only one submitted -- as well as the regulated backstop solutions, in its initial analysis during the preparation of its comprehensive reliability plan. And we state the results of those analyses of all proposals that we received.

In neither case, in 2007 or 2008, did we need to move to a regulated project, whether that be a regulated backstop or an alternate regulated solution, but that does not mean that we did not evaluate those proposals received.

So, we considered, but we had no need to call on implementation of a regulated backstop.

Q. Is it true, Mr. Buechler, that the first step in the CRPP is the reliability needs assessment which evaluates the adequacy and security of the bulk power transmission system over a ten year study period?

A. (Buechler) Yes.

Q. So, the draft 2009 RNA that you referred to in your testimony on page 25, is that no longer a draft? Is that the RNA that was approved by the board on January 13, 2009?

A. (Buechler) Yes.

Q. So, it's no longer a draft. That's an update to your testimony?

A. (Buechler) That is correct. It has been approved by the board.

Q. Is it true that this non-draft permanent 2009 RNA states that there are no bulk power system reliability needs for the New York grid for the period 2009 through 2018; is that true?

A. (Buechler) Yes. As I stated this morning on response to a question, the RNA, 2009 RNA approved in January, had no substantive changes from the draft. So, this description here is the same.

Q. So, turning to the question that Judge Stockholm asked you this morning regarding the adequacy and security of the system with respect to wind, is it not true that the RNA has determined that the New York State bulk power transmission system is adequate through 2018?

A. (Buechler) Yes. With the definition being, as I had mentioned before, that the system, the bulk system, will comply with all reliability criteria through that ten year period without -- and we are talking now in the case of a 2009 analysis -- without the addition of any resources other than those included in the base case assumptions for the analysis.

Q. Are you familiar with Mr. Schrom's direct testimony that has been submitted in this case?

A. (Buechler) No, I am not.

Q. In Mr. Schrom's testimony, page 18, line 11, there is a question regarding delivery of renewables.

And the question posed to Mr. Schrom reads as follows, Can NYRI serve as a path for delivery of electricity produced by renewable resources? Which I believe is what Judge Stockholm asked you this morning regarding renewables and wind power and connecting them to the grid, and where does NYRI fit in.

Am I correct?

A. (Buechler) The discussion with Judge Stockholm was related to that question.

Q. Thank you. Mr. Schrom's answer -- I just wanted to bring this to your attention and see if you had any further comments since you addressed this in your testimony -- Mr. Schrom's response is, Not really. There are currently no proposed renewable energy projects near the proposed NYRI facility or the transmission system next to the interconnect at Edic.

Most of the existing and proposed renewable generation is located to the extreme north and western part of the state and is already experiencing bottled

capacity problems. To deliver the capacity to NYRI's proposed facility would require additional transmission lines to be constructed from the renewable generators to the Edic station.

Do you agree with that statement?

A. (Buechler) We haven't -- the NYISO that is -- has not completed any analysis, has not completed the analysis I was referring to this morning, which is going to be looking at the energy deliverability from the wind generation in our interconnection queue.

Even that analysis, however, is not intending to look at the specific question, as I think I heard you describe there. So I do not know the answer to that.

Q. Mr. Schrom further states in his testimony that there is currently insufficient transmission capacity to make these deliveries to NYRI's proposed facility; is that true?

A. (Buechler) Again, same -- I don't know the answer to that question.

JUDGE STOCKHOLM: Why doesn't the ISO know the answer to that question? You guys run the grid.

(Buechler) The question is here from the Power Authority began with talking about our reliability planning process. The questions about wind and

deliverability are economic questions or energy.

MS. BARISH STRAUS: I'm sorry, Mr. Buechler. I would disagree. They are not -- I was asking my questions in response to the Judge's question to you about the reliability -- not the cost, the reliability -- of the bulk power transmission system to connect renewables to the NYRI line. I do not want to confuse economics with the questions that I am posing to you this afternoon.

(Buechler) I think you are confusing me possibly at least.

JUDGE STOCKHOLM: Let's see if we can unconfuse.

Why -- and I may be wrong about this but let me state the question this way. Why doesn't NYRI know the extent of the deliverability of wind resources which are generators in the state?

MR. SINGER: Judge, your question says why doesn't NYRI know.

JUDGE STOCKHOLM: I apologize.

MR. SINGER: We actually know, but you probably don't want me to testify again.

JUDGE STOCKHOLM: No, you got a chance to testify this morning. That's probably enough for one

day.

Why doesn't the NYISO know the extent to which wind power can get into the system? Is it too low voltage for your control purposes?

(Buechler) Couple of questions there, Your Honor.

The question of energy deliverability is, A, not a requirement under any aspect of the NYISO tariff that I am aware of at present. Our interconnection process has recently been modified, although still a few questions outstanding at the FERC, to include a deliverability component to the interconnection planning process, but that has not existed previously.

Even that deliverability component is relevant to capacity deliverability and not energy, and related to whether an interconnecting generator would be eligible for capacity payments in the NYISO's markets.

Our reliability planning process is just that. The criteria used are reliability criteria, not -- I am still going to say energy deliverability criteria which, in my view, is not a reliability issue. It is an economic issue.

JUDGE STOCKHOLM: What about the capacity, albeit the low capacity factor, for wind plants? Isn't

that part of your bailiwick?

(Buechler) Yes, and that under the newly approved deliverability process -- interconnection deliverability product or process, yes, the answer is yes.

JUDGE STOCKHOLM: But you don't know whether or not that capacity can be utilized because you don't know if the energy can flow, because it's supposedly bottled up? Or have I just combined seven or eight things that don't belong together?

(Buechler) No. I think you indicated at least a piece of the answer a moment ago. The capacity available from an intermittent generator or wind generator in particular is approximately 10 to 15 percent of its rated or nameplate output.

So, the ability to deliver ten megawatts of 100 megawatt project over the transmission system or over -- if you want to call it -- constraints in the transmission system, is a much threshold than delivering the full hundred megawatts at the time when the plant is able to generate the hundred megawatts.

So, that's the difference.

JUDGE STOCKHOLM: After you finish the study that you and I discussed briefly this morning with

regard to I think wind generation in particular would you know the answer to that question better?

(Buechler) Yes. The simple answer is yes.

JUDGE STOCKHOLM: Thank you.

BY MS. BARISH STRAUS:

Q. Mr. Buechler, could you simply explain the new interconnection deliverability process that's currently being considered?

A. (Buechler) I think I will turn to Mr. Corey on that since he's responsible for the implementation of the interconnection process.

(Corey) Yes. The deliverability that's being implemented into the interconnection process is being implemented at the facility study stage. And, so, in addition to the evaluations that I mentioned this morning, about the ATBA and ATRA, relative to our minimum interconnection standard, for those generation sources that request capacity, resource interconnection service, we would also in the class year study process evaluate the deliverability of those projects that request that service.

We will determine whether their capacity would be deliverable. If it is deliverable, without requiring upgrades, then they would be considered deliverable and

receive the capacity deliverability rights or capacity resource interconnection service rights.

If they are found not to be deliverable, we evaluate whether they would be partially deliverable. And we would also evaluate whether any what we refer to as system deliverability upgrades would be needed to provide for full deliverability of their capacity.

Again, this is not energy. This is their capacity. And if the capacity -- at that stage, after all those evaluations, the class year facility study goes into the decision process where the developers have decisions about whether -- with respect to deliverability -- whether they would be willing to pay for system deliverability upgrades or accept their cost responsibility, I should say, for the system deliverability upgrades, or they would also have the option of not accepting those upgrades and accepting energy resource interconnection service and not participating in the capacity market.

And they would have the further decision that they have today of if they don't accept their system upgrade facilities costs, then they would drop out of the class.

Q. So, Mr. Corey, what is your opinion -- how do you

envision the study given that most of the existing and proposed renewable generation is located to the extreme north and western part of New York State and to deliver the capacity to NYRI's proposed facility would require additional transmission lines to be constructed from the renewable generators, I guess wind, to the Edic station.

How do you think these entities that are far away from the NYRI line would play into such an analysis?

A. (Corey) At this stage, we have done an analysis for the class year 2007 projects, which were -- they were all wind projects, upstate wind projects, total of approximately 900 megawatts of nameplate rating, which equated to -- we would assume ten percent of the nameplate rating for capacity for the purpose of our deliverability evaluation.

So, only 90 megawatts total among the projects in the class was evaluated. That preliminary analysis thus far has indicated that for the conditions of the study that those projects, the capacity for those projects, would be deliverable.

That is a preliminary result, and those results still need to be presented to the TPAS group and ultimately to the operating committee for their approval of the result.

Q. This is 2007 and you say they would be deliverable. My question to you would be: Deliverable to where?

A. (Corey) It's really deliverable to the system. It does not evaluate specifically deliverable, for instance, to Edic to be deliverable from or across NYRI, for instance, and NYRI was not modelled in the study.

Q. NYRI was not modelled because it was not -- it's a 2009 class year; is that correct?

A. (Corey) Correct.

Q. What you are saying -- the analysis that the NYISO did thus far does not take into account any of the extra costs to interconnect -- the NYISO study has not taken into account any of the extra costs to interconnect, such renewables, wherever they are located, into the system.

Did you just look and see where they were located and that they might potentially be deliverable? What would make them deliverable? You didn't study the costs or where they would interconnect to get to the grid?

A. (Corey) The deliverability analysis is an analysis that's, first of all, conducted under peak load conditions, so it's evaluating -- it's not all hours of the year type of analysis. It's a summer peak load

condition.

And it's evaluated under the condition of all benefit generation sources that are in the case being in service. And the cases is then conditioned to meet the peak load, so generators in general are not operating at the full output in the case.

And we evaluate deliverability within each of the capacity regions where the projects are located. In this case, for class 2007, all of the upstate projects were in the rest of state capacity region, which is the region from zones A through I, and that the other two capacity regions are zone J and zone K.

In this evaluation we were evaluating the upstate rest of state capacity, or capacity region, and we found that the -- under the conditions of the analysis, where all generators modelled in the case, including the class 2007 generators were modelled, that the output -- the capacity from each of those generators was deliverable to the loads within the rest of state region.

Q. When you look at wind, do you look at capacity or do you look at energy?

A. (Corey) For the purpose of the deliverability evaluation, we are looking at capacity.

Q. How did you look at wind in terms of capacity?

A. (Corey) For the wind projects, we modelled the wind generators at a ten percent availability factor.

Q. So, when you say they were deliverable, you did not take into account the cost or path that they would need to take in order to connect with the system, or did you?

What was the criteria to connect renewables to say that renewables are deliverable as a resource with the bulk transmission power system, given the constraints in the north and west?

A. (Corey) We used the full power flow model of the system. The deliverability analysis is done on a power flow model that models the transmission system of the entire state. And the deliverability analysis does evaluate the deliverability with respect to both pre-contingency and post-contingency criteria.

Q. So to conclude, because NYRI was not part of the 2007 mix, the NYRI line was not considered in any of these deliverability analyses that the NYISO conducted for the 2007 class year?

A. (Corey) That's correct.

MS. BARISH STRAUS: I have no further questions, your Honor.

JUDGE STOCKHOLM: What about the 2008 class

year, have we reached a conclusion with regard to those studies?

(Corey) No, we have not. The class 2008 study is in progress and we will continue through into the summer anyway.

JUDGE STOCKHOLM: And your answer would be the same in terms of consideration of NYRI within the class? The answer is, no, it was not considered?

(Corey) I was just about to say that. That is correct. NYRI is not modelled in class 2008.

JUDGE STOCKHOLM: Thank you.

Yes, Mr. Glasser.

MR. GLASSER: Your Honor, before we turn to Mr. Singer, if he indeed is next, I wondered if this would be an appropriate time to ask about a potential clarification of a couple of your Honor's questions, or should that come at a later point?

JUDGE STOCKHOLM: It may come at both, but why don't you go ahead.

MR. GLASSER: Actually, Your Honor, it was when you were questioning Mr. Corey before lunch about the process employed by the ISO he spoke to the fact that the ISO evaluates the suitability of inputs based upon compliance with the tariff.

And it struck me, in thinking about your questions and his answers, that it may -- the answers were subject to some vagueness. I don't want to suggest that was intended, but just that it would perhaps require further clarification.

What I would suggest is to determine whether or not the tariff leads only to one possible set of input parameters, or if the tariff can lead to more than one possible set of input parameters, how the ISO decides which of the possible sets to employ.

I suggest this because it seemed to me that was really what was implied by your Honor's questions.

JUDGE STOCKHOLM: That was implied. I hadn't thought about that particular possibility.

Is the question that Mr. Glasser just sort of -- well, not sort of -- the question that Mr. Glasser just stated, do the witnesses understand that question? If not, I will try to restate it.

(Corey) I guess this morning we weren't talking about the deliverability.

JUDGE STOCKHOLM: No. I don't mean that's what we are talking about now either.

I'm talking about -- what I was talking about this morning was the class year study. And the

question that I had was: How do the variables, how do the inputs to the class year study, get settled among disputing members at the ISO?

I appreciate you are a close family, but I do understand there is an occasional dispute over such matters.

What Mr. Glasser sort of added as a twist to that question is: Do the tariffs require a single set of inputs for a run, such as a class year run, where all of the things have to be decided one way or another under your process before the run is done? Or do the tariffs allow for multiple runs to be made with different assumptions?

(Corey) I guess if I can just break down the pieces of what goes into the base cases. In the types of base cases, there are three basic types of base cases that I talked about.

One is power flow cases. Another is short circuit cases and another is stability cases.

For the power flow cases, the inputs are -- first of all, the system load forecast. That's identified in that annual -- the ISO load capacity data report, so that's more or less a given to the study. And that's subject to a lot of discussion.

And another input to the study are the -- what facilities are considered to exist in the system. And, again, from the same point of the existing generation facilities and transmission facilities, those are identified in the annual load capacity data report.

The projects that -- another set of inputs are the prior class projects that have accepted their cost allocation for prior class years. That's a known set of projects and not really subject to debate.

And the class year projects themselves, that are the subject of the study, are also known and determined by specific rules to identify what projects are in the class year.

So, those elements are all rule driven and not subject to an awful lot of debate in terms of setting up the cases.

The class projects in the load flow cases are initially dispatched, if you will, at full output capacity. Where there is some degree of freedom of the cases is the other generation sources that are in the case, both existing and prior class year projects that are modelled but not yet existing. There is some latitude for discussion on how that dispatch can take place.

The rules of the process state that it's redispatched in accordance with the ISO standard practices. So, we have the first say and usually the last say on how those -- on those dispatch variables.

Of course, we consider all inputs during that -- those decisions, but ultimately the ISO decides how the cases are set up with respect to our standard practices.

JUDGE STOCKHOLM: Now, when you say the ISO makes that decision, are you talking about the members of the ISO making that decision under the sector voting, weighted voting?

(Corey) Yes. It would be first ISO staff and then through the governance process it would be approved, reviewed and approved by the operating committee, yes.

JUDGE STOCKHOLM: Okay.

Let me assume the 2008 class year study that I assume is ongoing; is that correct?

(Corey) Yes.

JUDGE STOCKHOLM: If I was a member of the ISO and I came in and you were looking at that study and doing -- crunching whatever numbers you are crunching, and I said, you know, I want to put a thousand megawatts

in directly from Canada, would you just do that because I asked you as a member of the ISO, or would that go to a committee, or would that come to a vote?

What if somebody said, no, we don't think we are going to get a thousand megawatts from Canada.

(Corey) I guess that hits upon another area that maybe I didn't -- in setting up the cases that I didn't address before in my previous explanation.

With respect to the inter-area or inter-ISO schedules there is a regional and inter-regional process where each of the control area operators, if you will, agree on the schedules that will go into the base cases.

We have to coordinate those schedules so that, in our inter-regional, regional and inter-regional base case development process so that the cases we are using will match up with the cases that PMJ, for instance, is using or Hydro Quebec is using, or New England is using or Ontario are using, for the boundary conditions of our studies.

So, yes, the -- for Hydro Quebec -- to answer your question, I guess, the ISO would first make our recommendation and model the input from Hydro Quebec at a level, and if that -- if any of the members of the stakeholder process wanted to propose another level, it

would all get discussed.

And we may have reasons to object to that level or not object to that level, and ultimately the operating committee would resolve the matter, if necessary.

JUDGE STOCKHOLM: What is the weighted voting that's required? Is that 58 percent?

(Corey) Yes, it's 58 percent to pass.

JUDGE STOCKHOLM: So, 58 percent would decide that issue.

I believe you listed in your testimony the different categories of the voting.

(Corey) Yes.

JUDGE STOCKHOLM: Could you tell me what percentage end use customers have in this vote.

(Corey) I am sorry. I don't know offhand what the breakdown of the percentages are between sectors.

JUDGE STOCKHOLM: Does counsel know, for the ISO, what the percentage vote is for the end use consumer as listed on -- as mentioned on Mr. Corey's testimony?

MR. PATKA: I can find out, Your Honor.

JUDGE STOCKHOLM: Would you. I would I

appreciate that.

MR. PATKA: Certainly.

MR. SINGER: It's 20.

JUDGE STOCKHOLM: It's 20 percent? Advise me if that's in error. Otherwise I will accept that for the record.

MR. PATKA: No, I think that's correct what Mr. Singer represents. That's correct, it's end use.

JUDGE STOCKHOLM: It is 20 percent.

MR. PATKA: Yes.

JUDGE STOCKHOLM: Mr. Glasser, did that satisfy your concerns -- or not completely it looks like from your face.

MR. GLASSER: Well, Your Honor, I think it was a valiant effort.

I have nothing further on the point. Thank you, Your Honor.

JUDGE STOCKHOLM: Thank you.

Are we to NYRI or we have got NYPA first? Oh, NYPA went. Do we have anybody before NYRI?

MR. KLUCSIK: CARI would like to ask just a few questions, Your Honor.

JUDGE STOCKHOLM: Go ahead.

BY MR. KLUCSIK:

Q. Mr. Corey, with respect to the interconnection facilities study, otherwise referred to as a class year facilities study, the inputs for these studies include certain generation projects; is that correct?

A. (Corey) Yes.

Q. And the generation projects that are included in the base case for a study in any given year, does that include -- let's take wind as an example just at random -- does that include any wind generation project that anybody has proposed anywhere, at any time prior to the class year?

A. (Corey) No. It wouldn't include any that had been proposed. There are a number of projects on our queue that have been proposed that don't qualify for the class year.

A project, in order to qualify for the class year, has to pass two milestones to be modelled. One is that it has completed the process through the approval of the system reliability impact study by the operating committee. And the second is the applicable regulatory milestone for the -- for that project.

Q. So just being in the queue doesn't qualify you as being -- to be added to the base case; is that correct?

A. (Corey) That is correct.

Q. Can you describe briefly the second criterion that you just outlined, the regulatory milestone criterion.

Can you give me an illustration of what that actually is in practice?

A. (Corey) I can describe generally. It's the -- the milestone is that the application of the developer of the project to the lead agency for an environmental permit or some -- whatever the applicable permit is needed, that that application has been accepted by the agency as a complete application.

And not being the legal person, I probably couldn't say an awful lot more about it.

Q. That will do for my purposes. Does the addition of such a project that's in the queue, and passes these two tests, does the addition of that project to the base case say anything about NYISO's expectation that that project will actually be built?

A. (Corey) No. That we are still -- at that stage we are still in the study process, so it really doesn't say anything, from our standpoint, whether or not the project will go forward or be built.

It's just following the rules of the process, the projects that were in prior class years, that accepted

their cost allocation, they are assumed to be -- they are required to be assumed to be in the base case. And the projects in the current class that are under study are just added to the base case.

And, again, after the study there is -- the decision process for accepting or not accepting their cost allocation for system upgrades and beyond the decision process there's other aspects to the process, of the overall interconnection process.

So, the ISO just follows -- the study process follows the rules that have been established for the study process and does not speak to the likelihood or otherwise of a project moving forward at that stage.

Q. So it would be also accurate to say that inclusion in the queue includes passing the two tests that you outlined and being included in the base case also does not indicate in any way NYISO's expectation that such a project would ever actually deliver power anywhere; is that correct?

A. (Corey) At that stage it doesn't speak to any expectation.

Q. Does the completion of the NYRI feasibility study provide a basis for concluding -- for making any conclusion as to the deliverability of western New York

wind power to NYRI's northern terminus?

A. (Corey) With respect to deliverability in the context that we were speaking before, in the ISO's process, deliverability is not -- or NYRI would not be subject to deliverability evaluation.

Q. That's not quite the question I asked you. Let's try again.

A. (Corey) Okay.

Q. Does the completion of the NYRI feasibility study provide a basis for any conclusion with respect to the deliverability of western New York wind power to NYRI's northern terminus?

A. (Corey) No.

Q. Does the completion of NYRI's SIRS provide a basis for making any conclusion with respect to deliverability of western New York wind power to NYRI's northern terminus?

A. (Corey) Again, within the context of what we -- deliverability as we were talking about before, no, that's not evaluated in the SIRS.

Q. Does the completion of NYRI's feasibility study provide any basis for any conclusion regarding the deliverability of any other type of renewable resource power to NYRI's northern terminus?

A. (Corey) Again, no. Deliverability is not considered in a feasibility study in the sense that we were talking about deliverability?

Q. One more time. Does the completion of NYRI's SRIS provide a basis for any conclusion with respect to deliverability of any non-wind renewable resource power to NYRI's northern terminus?

A. (Corey) No. Again, that's not evaluated in the SIRS.

MR. KLUCSIK: Thank you, Mr. Corey.

That's all, Your Honor.

JUDGE STOCKHOLM: Thank you.

I think the way I would like to proceed this afternoon is I have a few additional questions of this panel, then I would like to turn it over to Mr. Singer, and then we will go back to the crowd generally in the event my questions or Mr. Singer's or any of the rest of them that have gone on raise further questions, and then we will go back for redirect.

Mr. Buechler, I believe somewhere in the 2009 RNA there is a chart that I have seen, and I have tried as I'm sitting up here to find it and I can't, and it is a chart, as I recall it, that looks at the congestion from 2007, perhaps, maybe it's 2008, I

forget, and it looks at the percentage of time each of the constraint barriers in New York added to the total constraint.

At least I think that's right. First of all, do you know the chart I am referring to and can you point me to it?

(Buechler) Yes, Your Honor. I am trying to find it myself, here.

JUDGE STOCKHOLM: That is in the RNA; wasn't it? Isn't that where I saw that?

(Buechler) It should be. Yes, Your Honor. Exhibit JPB-8.

MR. BLOW: 281.

(Buechler) Page number 6-1, section 6, right before the glossary. It's entitled historic congestion. I think you are referring to table 6-1 on page 6-2.

JUDGE STOCKHOLM: Yes. That is the table.

In looking at the table I see significant rise in the central east percentage of annual total from about 12 percent to about 39 percent; is that correct, sir?

(Buechler) You are referring to table 6-2?

JUDGE STOCKHOLM: I am. I am sorry.

(Buechler) That is correct.

JUDGE STOCKHOLM: Those are payments -- is that proportional to the constraint?

(Buechler) Both tables 6-1 and 6-2 are ranked in ordered -- the percentages are in terms of the contribution to the total annual congestion cost, if you will.

JUDGE STOCKHOLM: It's a cost weighted number, not a kilowatt hour rated number.

(Buechler) Correct. Within each year -- you don't have the total results for years prior to 2007 but you notice that table 6.1 obviously equals a hundred percent.

JUDGE STOCKHOLM: Right.

Looking at 2000 -- the second thing I want you to look at in table 6-2 is the change in the Dunwoodie 345 Shore Road, which goes from 35 percent down to 17 percent.

Do you see that?

(Buechler) Yes.

JUDGE STOCKHOLM: Would I be correct in assuming, if I were to look at 2006 versus 2007, to say that in 2007 the central east constraint ended up costing the state more than the Dunwoodie 345 constraint?

(Buechler) Yes. As I said before, the percents are the highest dollar contributor, if you will, to congestion.

JUDGE STOCKHOLM: Dunwoodie 345, is that generally referred to as Con Ed UPNY?

(Buechler) No. That's essentially the Con Ed to Long Island interconnection. Shore Road is on Long Island. Dunwoodie is in Westchester.

JUDGE STOCKHOLM: I see, okay.

Is Con Ed UPNY in one of these numbers?

(Buechler) Confer with Mr. Corey for a second.

JUDGE STOCKHOLM: Let me ask the question a little bit differently. Are there any of these numbers that would give me an idea of the constraints into zone J?

(Buechler) Some idea, the way you phrased the question, the Rainey to Dunwoodie 345, even though that's still above -- Dunwoodie is still north of zone J. So, not directly. Not these here directly.

JUDGE STOCKHOLM: Not directly.

Can I assume from these numbers that the most expensive constraint for the state as a whole in 2007 is the central east?

(Buechler) Yes.

JUDGE STOCKHOLM: All other things being equal, if the central east constraint were -- I am not sure of the right word here -- breached with a transmission line, as compared to breaching the Con Ed UPNY constraint with a transmission line, which one, all things being equal, would be better for the overall system in New York?

(Buechler) I don't think I can answer that categorically, but based upon just the limited data presented here for the year 2007, and you do see, as you pointed out already, that table six shows that some of these relative contingencies do shift from year to year for various reasons.

It would appear, since the largest single contributor to congestion in 2007 was central east, that anything less than that would be lesser in impact.

That was a highly qualified comment, though, Your Honor.

JUDGE STOCKHOLM: Understood.

There is a fair amount of testimony and some still to come in this case about the beneficiaries. I think we talked about who those beneficiaries were this morning.

One thing I haven't heard in anybody's testimony, unless I have skipped over it and not read it, is who are the losers? And let me explain what I mean by that.

My understanding of the benefits of this project, at least as the NYISO looks at, is production cost savings. If I understand that correctly, the theory with the NYRI case is that with a line in service production costs statewide would go down because lower cost generation in upstate would be run for a longer period of time.

Is that a reasonable assumption or hypothetical?

(Buechler) Yes.

JUDGE STOCKHOLM: Now, assuming that the demand stays the same and that generators upstate generate more, doesn't that mean that generators downstate generate less?

(Buechler) Yes. That would be the expectation.

JUDGE STOCKHOLM: So, downstate generators will have less income as a result of this project assuming it were built.

(Buechler) Yes.

JUDGE STOCKHOLM: Now, are any of the downstate generators who might be in that position also beneficiaries? For example, Central Hudson.

(Buechler) You have confused me with beneficiaries, generators and Central Hudson there.

JUDGE STOCKHOLM: Central Hudson could be a beneficiary of this line the way we defined it this morning, yes?

(Buechler) As a load serving entity under the NYISO economic planning process, that would be the way they could be a beneficiary.

JUDGE STOCKHOLM: Yes. That's what I meant.

At the same time, if some of the generation is -- is it possible that any of the beneficiaries own generation such that there would be a potential conflict in their interests between losing generation and losing the benefits of the new line?

(Buechler) There are several New York transmission owners who are LSEs that still retain small amounts of generation, with the exception of Long Island Power Authority, which has basically control over the large majority of generation on Long Island.

So, the answer would be, yes, there is a possibility.

JUDGE STOCKHOLM: The same sort of question with regard to transmission. The day before you turn on NYRI, the transmission revenues flow however they may flow on a daily basis in the system. The next day it will tell you turn on NYRI.

Some of that electricity is going to find its way down NYRI's line, we assume. That doesn't that mean that some transmission revenues for some of the other owners is going to go down?

(Buechler) No. The transmission revenue requirements are on an -- I guess I will call it regulated cost of service basis. The various components, if you are thinking of what we call the transmission service charge, may vary because certain revenues that are credited toward those base revenue requirements will change as congestion patterns change, but the transmission revenue requirements will still be met for each of the current utilities, in any event.

JUDGE STOCKHOLM: So the revenues received by, let's say, National Grid, Central Hudson, Orange & Rockland, maybe NYSEG, would not be affected at all with this line either off or on; is that your testimony?

(Buechler) With at least one qualifier that I am not qualified to answer here. The only thing that

occurs to me that might change that would be whatever retail rate mechanism might exist for one of the other utilities that might impact let's call it the flow through of some of those adjustments. I am not really aware of those. I could imagine that might be something that would come into play here.

JUDGE STOCKHOLM: So, when you said cost based regulation, did you mean that the actual revenues of the transmission companies are trued up to their predetermined revenue requirement?

(Buechler) Again, I can speak directly from the portion of the revenue requirement, the transmission revenue requirements, that flow through the NYISO tariff. And the base revenue requirements and the base so-called billing units, the megawatt hours over which those are spread, are subject to adjustment as a result of a transmission owner rate filing with the FERC.

So, those are the base revenue requirements and those are considered on a cost -- on a regulated basis. They are not market based in any sense. They are revenue requirements.

Those revenue requirements form the base for the wholesale transmission service charge which has, again, a number of adjusting factors, and that

specifically flows through or is specified in the NYISO tariff. So, that was the sense -- in that sense I was responding previously.

JUDGE STOCKHOLM: From the transmission owner's perspective is the total of the checks at the end of the year the same once you have got a base transmission amount set regardless of the megawatts hours that flow through the line?

(Buechler) The revenue requirements -- that there is no mechanism that I am aware of that would change the transmission owner revenue requirements based upon specific flows over that transmission owner's facilities.

JUDGE STOCKHOLM: Perhaps I misstated the question.

What I am trying to figure out is: Under the current rate regulatory scheme, if fewer megawatt hours flow across a account transmission line does that impact the dollars the transmission owner receives?

(Buechler) I can only go back to my previous response, Your Honor. I'm sorry if I'm being thick here.

Other than a retail I want to call it pass through or recovery issue associated with the -- let's

call it the congestion payments from a market, I can't think of any mechanism that would change the recovery.

JUDGE STOCKHOLM: Let me ask you the question a completely different way.

Are you saying by your testimony that all transmission owners in the State of New York are financially indifferent to the construction of another transmission line?

(Buechler) That is a different question, Your Honor. I don't think my testimony addressed that at all, actually.

JUDGE STOCKHOLM: Yes. Your objection is duly noted for the record.

(Buechler) I thought you got the answer to that question already, actually.

JUDGE STOCKHOLM: I did get the answer with regard to generation, but I was trying to ask the same question with regard to transmission. And you provided me with a different answer. I was trying to explore that, to understand it, actually.

I don't want you to speculate if you do not know. If you know, I would like to know, but if you don't that's fine.

(Buechler) I don't think I know any better

than the responses I have given you already, Your Honor.

JUDGE STOCKHOLM: The answers that I have gotten already indicate to me -- and I don't know how else to interpret them -- that the revenue requirements of the transmission owners are trued up.

If any of your witnesses can address this issue please advise them before they come to the stand I will raise the issue again.

MR. SINGER: Your Honor, can I ask the witnesses a question that might clear up some -- I think I see you might be missing each other in interpretation.

JUDGE STOCKHOLM: Sure. I didn't think we were complete hitting each other, no.

BY MR. SINGER:

Q. Mr. Buechler, would you agree with me that the transmission service charge for the transmission owners in New York isn't based on the flow over the transmission lines owned by the transmission owners, but it's collected based on the amount of energy withdrawn in the transmission owner's service territory?

A. (Buechler) That is correct, yes.

JUDGE STOCKHOLM: How would that apply to a project like NYRI that doesn't have a service territory?

MS. BARISH STRAUS: Your Honor, I have a

question that I think relates to this.

JUDGE STOCKHOLM: One at a time. I will come back to you.

First of all, Mr. Buechler, how would that apply to NYRI?

(Buechler) The question is probably the question that everyone in the room would like an answer to. I am not sure I can provide a definitive answer to that.

That is, what is the source of -- what would be the source or could be the source of NYISO's revenue requirements. I will answer it from the standpoint of a mechanism that exists in the NYISO's tariff we talked about already.

MR. PATKA: You mean NYRI, right? You said NYISO.

(Buechler) NYRI, correct. Not NYISO.

JUDGE STOCKHOLM: We can do that, too, if you want to.

(Buechler) Thank you, counsel, for correcting that.

And that is the CARIS and the economic planning process. If NYRI were to submit itself to that process, and were to successfully go through that

process, in that event the revenue requirements to NYRI, or the costs allocated to the beneficiaries, which are the flip side of the same amount, would be, again, allocated to the project beneficiaries in the way that I described this morning.

So, that could be a mechanism that NYRI would receive its revenue requirements. And that would be a different mechanism than the mechanism that exists right now for the current transmission owners, as Mr. Singer described a moment ago.

MR. SINGER: There is an analogous provision of the NYISO tariff that actually allows NYPA to collect its transmission revenue requirement and I believe that's called the NTAC.

JUDGE STOCKHOLM: I have seen that term.

Ms. Barish Straus, did you have --

MS. BARISH STRAUS: Yes, Your Honor.

I was going to refer the witness to his testimony on the CARIS where a developer of a potential economic transmission project, which is what NYRI would be since there's no reliability need, with capital costs in excess of $25 million, would recover costs through the beneficiaries pay cost allocation principles and methodology.

That's how I believe the costs would be recovered statewide. It would be allocated among the beneficiaries based upon the percentage of which they benefit.

Is that correct, Mr. Buechler?

(Buechler) That's what I was just alluding to in my previous response, yes.

JUDGE STOCKHOLM: That's what I thought, too. Okay. Good.

Does the ISO have any information, any additional information other than the fact that talks may be going on with regard to the importation of a thousand megawatts from Canada?

(Buechler) I do not, Your Honor.

(Corey) Neither do I.

JUDGE STOCKHOLM: Thank you.

There are two projects, I am going to call them in southern New York even if they begin in New Jersey. One is the Hudson Transmission Partners, I think; and the second is a project from I believe a dedicated generator in New Jersey, I think it's Bayonne but I am not going to swear to that, with an underwater transmission line into Brooklyn.

Are you familiar with those two projects

generally?

(Corey) Excuse me. The first project again?

JUDGE STOCKHOLM: Hudson Transmission Partners I believe. I think that's northern New Jersey into 49th Street.

(Corey) Yes. West 49th Street, yes.

JUDGE STOCKHOLM: Are you familiar with the other project into Brooklyn?

(Corey) Yes.

JUDGE STOCKHOLM: As a general matter, I am not trying to get extraordinarily detailed here, but as a general matter the more power that gets pumped into New York City from New Jersey, or from the south, the impact of that on transmission constraints into New York City from northern New York, would they be alleviated?

All other things being equal, if everything stopped today and you just added those two lines, what would happen to the transfer capability into New York City? Would it be improved?

I'm talking about the New York State transfer capability into New York City.

(Corey) The injections of those power -- the expectation would be that it would have a tendency to back off the imports from the north, from the upstate

system.

From the standpoint of the transfer capability, which is a different caution, without doing an evaluation it would be -- I couldn't say precisely what the impact would be on the transfer elements with those injections.

I would say that the transfer capability, for instance, of the UPNY Con Ed interface would be relatively unaffected by the injections from the south.

JUDGE STOCKHOLM: Would the constraints on that be lessened? Just because you are pulling more -- let me explain my question.

Just because you are pulling more power into -- from the south into New York City, wouldn't -- and you noted I think that the demand from upstate would be less because you are getting that more power, wouldn't the constraint, Con Ed upstate constraint, be less constraint?

I thought this was an easy question. Apparently it's not.

(Corey) It would be constrained less often.

JUDGE STOCKHOLM: That's exactly what I meant.

(Corey) Yes.

MR. KLUCSIK: Your Honor, if I could ask one clarifying question to make sure I got it right.

JUDGE STOCKHOLM: Yes. Go ahead.

MR. KLUCSIK:

Q. If power was delivered from -- to New York City from the south, as Judge Stockholm has postulated, to the extent there was congestion on interfaces northwest of New York City, would that congestion be lessened by the injection of the New Jersey power in this case?

JUDGE STOCKHOLM: We are also keeping demand the same in both cases.

A. (Corey) Yeah, keeping all other variables the same, then it would relieve the congestion. Injection from the south would relieve congestion coming down from the north.

MR. KLUCSIK: Thank you, Mr. Corey.

Thank you, Your Honor.

MR. BLOW: Your Honor.

JUDGE STOCKHOLM: Mr. Blow, go ahead.

MR. BLOW: I am not sure we necessarily agree.

Q. Let me ask this question. Wouldn't injection of generation from the south, bringing in transmission lines from the south, likely simply back off in city

generation?

A. (Corey) That's what I meant by keeping all things the same. That means the generation, as well as the load. If you keep the in city generation and load the same then obviously something has to be reduced. That would be power coming in from the north.

But, alternatively, an injection from the south could end up reducing generation within the city and the injection from the north would be the same as it was before. So, there would be a trade off.

Q. That's what it seemed to me why you were hesitating originally because it would seem to be logical that what would happen would be the in city generation would be likely backed off.

Thank you, Your Honor.

JUDGE STOCKHOLM: Can you tell me, if you know, is the Hudson Transmission Partners line into 49th Street in a class year at this point?

(Corey) Yes. It's in class 2008.

JUDGE STOCKHOLM: 2008, okay.

What about the other transmission line I referred to going into Brooklyn, that's an Article VII that was filed not all that long ago here at the Commission. Actually I shouldn't say that for the

record. I have seen papers on this case.

(Corey) You mentioned that that was -- you referred to that as Bayonne. I identified it with Bayonne but I am not sure that's...

JUDGE STOCKHOLM: Bayonne into Brooklyn. My understanding is it's a dedicated plant.

(Corey) That project would be a class 2009 project.

JUDGE STOCKHOLM: That's 2009, okay.

What about -- we have heard on this record a proposed power plant in Waywayonda that is going through a SEQR process. Is that plant anywhere in class year?

(Corey) No. That's not in a class year as yet. I think it...

JUDGE STOCKHOLM: Has an SRIS been completed for that?

(Corey) Just trying to think of the name of the project. There was an SRIS approved for that. I might have to take it back. I think that -- I would have to check to see if it is a class 2009 project. It may be a class 2009 project. I am not sure about the status of its regulatory milestone, so, I'm not a hundred percent sure.

JUDGE STOCKHOLM: You don't have class 2010

at this point, right?

(Corey) No, we don't. We're still working on firming up who's in class 2009, actually.

JUDGE STOCKHOLM: Okay, thank you.

MR. BLOW: Your Honor, this was in response to the question you just asked. I believe we have some information if we could.

JUDGE STOCKHOLM: Fine, go ahead.

BY MR. BLOW:

Q. Mr. Corey, if I were to tell that the draft environment impact statement for the CPV Valley Waywayonda project was accepted as complete, would you then -- would that meet the regulatory milestone for the class 2009?

MR. SALTARELLI: Object to that question, your Honor. I think that calls for a legal conclusion. The witness has no basis to know what the status of that application is, Your Honor.

MR. BLOW: I am asking.

JUDGE STOCKHOLM: It's a hypothetical, I think that's okay, but I don't know what exactly it is that qualifies something to be in a class year.

Let me start with that. What do you have to do or be to be in a class year? Briefly, please.

(Corey) You have to receive operating committee approval of the SRIS, system reliability impact study, and you have to have passed a regulatory milestone.

JUDGE STOCKHOLM: Do you know what the details of that regulatory milestone test is?

(Corey) I don't know the details of the regulatory -- all the details of the regulatory milestone test.

I wanted to further say that both of those milestones have to be met by March 1st of the year to be considered in the class. So, if, for example, if it met the regulatory milestone on March 2nd it would not -- such a project would not make the class 2009.

JUDGE STOCKHOLM: You have got the first person to put on your 2010 list maybe. Maybe.

Mr. Blow, I appreciate that. The status of that with regard to the DEIS was put forth on this record before. And so I think we have enough information on that. I appreciate your assistance.

That concludes the comments that I have. Let's go back to the parties and see what other questions that may have engendered.

MR. LANIADO: Your Honor, I have a question

for Mr. Buechler.

Q. Judge Stockholm had I believe asked what I would categorize as a hypothetical question concerning possible conflict between transmission owners that own power plants and maybe dispatch less. That's the conflict -- that's one side of the possible conflict and on the other side they also experience lower LBMP prices from the NYRI line.

Do you remember that line of questioning?

A. (Buechler) Yes.

Q. Now, to the extent that a transmission owner self generated or purchased power at cost from the plants that it controls, so its pricing is not tied to the LBMP but its pricing to itself is basically at cost.

That transmission owner would not benefit from the reductions in the LBMP that might be caused by the NYRI project; is that correct?

A. (Buechler) When you are speaking of Long Island, I have some familiarity with the arrangements there. But when you use the term transmission owner, you are talking about a transmission owner who is -- has contracted for generation at cost and was responsible for serving load serving entities in the area as well? Right.

Q. Correct.

A. (Buechler) With that clarification, I agree with you.

Q. There would not be that hypothetical conflict that the Judge was talking about earlier?

A. (Buechler) There should not be.

MR. LANIADO: Thank you.

JUDGE STOCKHOLM: Mr. Glasser.

MR. GLASSER: Your Honor, I don't have questions for the witness, but just for the record in relation to Central Hudson.

JUDGE STOCKHOLM: This is additional testimony we should note.

MR. GLASSER: To attempt to clarify an earlier statement and complete the record on the subject, sir.

The Central Hudson does own small hydro and gas turbine units, but those units by agreement with the Commission, and the restructuring settlement with the Commission were to be treated as essentially transmission equivalents; and even though booked as generation are not treated in that fashion for ratemaking purposes. And, in addition, do not run at any significant level of operation.

So, whether that's additional testimony, or however you would like to describe that, just as Mr. Laniado was suggesting, I would like to suggest as well that in Central Hudson's case there is no conflict of interest.

JUDGE STOCKHOLM: Well, given that testimony, I have a question, though.

MR. GLASSER: I would have been disappointed.

JUDGE STOCKHOLM: Indeed.

I think the earlier questions that you asked these witnesses with regard to the operations of Dannskammer, and Dannskammer is hooked up to the 138 kv system, I believe, and that plant is dispatched by Central Hudson?

MR. GLASSER: No, it's not dispatched by Central Hudson but Central Hudson controls or secures the 138 system and therefore under certain operating conditions may require redispatch of the plant, is my understanding.

I can't tell you that's a hundred percent correct, but that's my understanding.

JUDGE STOCKHOLM: Redispatch of a plant could mean turning the plant down?

MR. GLASSER: That's exactly the concern, because that redispatch then creates in the owner of the facility a right to claim redispatch costs and it will present Central Hudson with the bill when Central Hudson redispatches the plant.

One of the points I was attempting to suggest, both in our interrogatories to the ISO and in earlier questions of the panel, was that it is a matter of some interest and importance to determine whether the bill for redispatch is properly presented to Central Hudson and its customers, or to be treated as up lift as is, as the panel stated, the ISO's redispatch of the 345 system is treated.

JUDGE STOCKHOLM: So at least in some minor events Central Hudson's financial interest may be at stake as a result of this line.

MR. GLASSER: I would actually suggest, Your Honor, that if we assume reasonable ratemaking treatment, it's more of the customers.

JUDGE STOCKHOLM: Who are we assuming doing this reasonable ratemaking?

MR. GLASSER: There's only one place to make that assumption, your Honor. The New York Public Service Commission.

JUDGE STOCKHOLM: Of course. Okay.

MR. GLASSER: Assuming that actions taken are prudent, I think one would tend to conclude, absent anything further, that those costs would be customer costs and not shareholder costs.

JUDGE STOCKHOLM: Understood. Thank you.

Before we turn to Mr. Singer, anything else? We do have to take a break. Let's say 20 after.

(Recess taken.)

JUDGE STOCKHOLM: I am afraid I didn't tell the truth. I still had one or two questions for these witnesses. Hopefully these are less detailed but we will see.

System costs, production costs, if system production costs go down, using the assumption of a NYRI project, for example, does that necessarily change the LBMP?

And let me give you the background of that so you can maybe address all these things at once. My understanding is that the LBMP is largely based on the fuel that's on the margin. And the fuel that's on the margin in New York State, for a very large percentage of the time, is natural gas.

So, if we were to turn on NYRI and those

upstate plants started generating more than they would do without NYRI, would the LBMPs in lower New York and the lower Hudson Valley be affected if NYRI doesn't change the fuel that's on the margin?

(Buechler) With that further clarification, that made the question a little bit easier, I think.

As you indicated, the locational marginal price in New York is based on the unit on the margin, but it is locational. So, with your additional qualifier that there may be a reduction in congestion, but if that did not shift the marginal unit, or the cost of the marginal unit, the marginal cost, then there would not be any change in the LBMP in a particular zone.

JUDGE STOCKHOLM: So, is it possible then that a project could meet the criteria of the NYISO and yet provide no benefits to end users? Direct benefits. I recognize that the employees of the plants upstate may have a larger salary, but I meant direct benefits.

(Buechler) My answer to that would be no, because while the production cost is -- the statewide production cost savings relative to the costs or the revenue requirements for the project over the first 10 years, the rest of the equation in the package here is

the eligibility threshold.

There also have to L&P savings or customer load savings that also, in aggregate, are greater than the revenue requirements of the project. Again, over the first ten years of the project.

JUDGE STOCKHOLM: Is that the way the NYISO's rules currently exist?

(Buechler) Yes.

JUDGE STOCKHOLM: So, for the NYRI project they would have to show an LBMP savings as well as a production cost savings?

(Buechler) Yes. Otherwise, the cost benefit test for cost allocation, which is the second step of our process, would not be met. We in fact --

JUDGE STOCKHOLM: So, the cost allocation is based on LBMP benefits, reductions?

(Buechler) Yes, Your Honor.

JUDGE STOCKHOLM: Okay. Am I right, however, that the total of production costs and the total of the LBMP savings are not necessarily the same?

(Buechler) That is correct.

JUDGE STOCKHOLM: Thank you.

MR. KLUCSIK: Your Honor, I have got a follow up to that if I may.

JUDGE STOCKHOLM: Of course.

BY MR. KLUCSIK:

Q. Mr. Buechler, would your answers to Judge Stockholm change in the circumstance where hypothetically we assume that the clearing price is bid rather than based on production cost. That is to say, there is a difference between LBMP and bid price.

Does that make sense?

A. (Buechler) I am not sure I understand the question. Could you try to clarify that?

JUDGE STOCKHOLM: I believe, Mr. Buechler -- well, let me ask the question this way.

Isn't the bid price the assumed production cost for bidders into the system, at least at the margin?

(Buechler) All right, yes. If you mean does our economic planning process in our analysis for both the production cost first step and the L&P savings second step are both on a projected basis so on necessary there would be an assumed bid, if you want to put it that way.

JUDGE STOCKHOLM: Mr. Klucsik, my understanding of the way this is looked at is that the bid costs are assumed to be the production costs.

Now, I may be wrong about that. You are more than welcome to query into that.

MR. KLUCSIK: I will ask one more question then.

Q. Is it necessarily so? I understand that there's an assumption for modelling purposes that the bid costs reflect production costs, but is that necessarily an accurate picture of reality?

A. (Buechler) What we think at the ISO -- we believe or we certainly hope it will be a good picture of reality. And that our markets and market design, had been analyzed and are analyzed on a continuous basis and found to be representing the appropriate pricing, if you will. That says marginal cost pricing.

Q. Are you aware of circumstances where that is not the case, where they are not equal?

A. (Buechler) Things have been mentioned here today about certain conditions or units are taken out of merit. In that situation that does happen, so, I guess you could consider that to be an instance, I suppose.

JUDGE STOCKHOLM: How about zero bids, are there any zero bids, nuclear plants, wind plants, anything like that?

(Buechler) I believe there are either zero

or there are actually based below zero because we also have negative bidding as well, so.

JUDGE STOCKHOLM: I am thinking you could take these bids and package them and resell them.

Anything further, Mr. Klucsik?

MR. KLUCSIK: Not on that topic as a follow up to your most recent questions, but if there is an opportunity I do have one or two questions revisiting something Mr. Corey said relative to the 2007 class.

JUDGE STOCKHOLM: Let me put that on hold because of what I said before in terms of how I want to do this.

Mr. Singer, finally.

MR. SINGER: Thank you, Your Honor.

Q. I want to start by following up on a couple of questions that were asked this morning as well as this afternoon by the Judges.

If you gentlemen could turn back to 2009 RNA and table 6-1 and 6-2 on page 6-2 that we talked about actually just a few minutes ago.

A. (Buechler) Yes.

Q. Do you see the entry for Pleasant Valley 345, Leeds 345?

A. (Buechler) Yes.

Q. Would you agree with me that both in table 6-1 and table 6-2 that that's showing as the -- if I could characterize as the second most congested facility in both of those tables? For 2007 I guess in table 6-2.

A. (Buechler) 2006 and '7 it appears to be, yes.

Q. Is the -- let me ask you this: What transmission interface is Pleasant Valley-Leeds associated with?

A. (Buechler) That is UPNY SENY.

Q. Thank you. Mr. Corey, to follow up on a few questions this morning -- a few different questions, if you could turn back to page 11, lines three through five of your testimony.

The last part of that sentence refers to under the initial base case conditions. Do you see that?

A. (Corey) Yes.

Q. Now, those conditions included specific -- and here we are talking about base case conditions of the New York Regional Interconnect system reliability impact study, correct?

A. (Corey) Correct, yes.

Q. And it refers to the power flow analysis?

A. (Corey) Yes.

Q. The conditions included were provided to NYRI by the NYISO in order for NYRI to complete the SRIS, right?

A. (Corey) That is correct. The New York ISO provided the initial base cases.

Q. In this case NYRI or in general cases the developer doesn't determine what those base cases are. They are provided by the Independent System Operator, correct?

A. (Corey) Yes.

Q. Do you have with you the NYISO review of the system reliability impact study for NYRI, the NYISO report?

A. (Corey) I don't have it in front of me. It's not one of my exhibits.

Q. Let me provide you with a copy of it. This is in the record as part of Exhibit 23 in this proceeding.

MR. SALTARELLI: Is there any chance there is another copy for us?

MR. SINGER: You can take this.

Q. Could you turn to page five, please. Under the heading of power flow analysis, the second paragraph that starts, in all cases, could you read that aloud, please?

A. (Corey) Sure. In all cases where the project in service the project's HVDC line is transmitting 1200 megawatts from Edic to Rock Tavern with increased west

to east and north to south transfers across the New York control area (NYCA). Generation in the Oswego area was increased and generation in the lower Hudson Valley was decreased to accomplish the transfers.

Q. Mr. Corey, if you know, what is meant by increased west to east and north to south transfers?

A. (Corey) In the SRIS scope it was specified that in modelling the NYRI project that we would assume that the parallel AC system would remain approximately loaded as it was before the base case.

In other words, that to load the NYRI project generation would be provided to the northern end of the project and, therefore, we increase generation on the upstate area by approximately 1200 megawatts and then on the downstate receiving end we decreased generation approximately 1200 megawatts.

Q. And could you tell us what the specific purpose of doing that was for the NYRI SRIS?

A. (Corey) The purpose of that assumption was that the -- in speculating on the operation of the NYRI project, the project, we assumed, would only be operated if the parallel AC system was congested in some way.

That if the parallel AC system was not congested such that the locational marginal base prices upstate

and downstate were the same, there would be no economic benefit of operating NYRI.

So, we -- to model the condition that the NYRI would -- facility would be expected to be operated under, we assumed that the generation upstate would be increased and generation downstate would be decreased and the parallel AC system, again, would remain approximately the same.

Q. Now, Mr. Corey, is that how you expect the system to operate under normal conditions?

A. (Corey) I guess, based on the security constraints, unit commitment, and a process that's used in the day ahead market operation and the security constraint dispatch that's used in the real time markets, those markets use the combination of the bid prices and the relative sensitivity factors of various forces on the system on transmission constraints.

And I guess that's a long answer to, yes, I would agree that's generally what we were trying to do was emulate the conditions under which NYRI would be operated.

Q. Thank you. Now, There were a number of questions about the facilities study process this morning.

First, are you aware that NYRI has executed a

facilities study agreement in order to become a member of the class year '09?

A. (Corey) I guess I am not sure I know that for a fact. I wouldn't be surprised, but I don't know it for a fact.

Q. Okay. And let me just go back to an issue that came up earlier this afternoon. The requirements to become a member of a class year in order to participate in a class year facility study are, number one, that the developer have an SRIS approved by the operating committee and, number two, that it have a siting application that's been deemed complete by the appropriate siting authority.

Is that correct?

A. (Corey) Yes.

Q. Now, in terms of the differences between a system reliability impact study and the class year facility study that will be performed, isn't it correct that the NYRI SRIS, as required by the tariff, included all projects ahead of it in the NYISO queue?

A. (Corey) Yes. That's correct.

Q. And the class year facility study includes the existing system, plus all new projects that are part of the same class year, correct?

A. (Corey) Correct, with just the existing system as defined in attachment S includes previous class year projects that have undergone the class year process.

Q. But it doesn't include all the projects that are ahead of the particular project in the queue, as is done for the SRIS, right?

A. (Corey) Projects that are ahead in the queue that have not met the milestones or requirements for the class year would be excluded.

Q. So, some projects that were included in the NYRI SRIS may not be included in the class year 2009 facility study, assuming that NYRI is in that study.

Would you agree with that?

A. (Corey) Yes.

Q. And when the impacts of the 2009 class year are studied as part of the '09 class year facility study, without all of the projects in the queue that were studied as part of the SRIS, you would agree with me, wouldn't you, that the impacts of those class year '09 projects in the facility study could be different than what they were when they were studied in the SRIS?

A. (Corey) Yes. The impacts could be different.

Q. So, in other words, if the SRIS showed that there might be overloads on certain transmission facilities,

or that in certain generation dispatch was required as part of the SRIS study, that doesn't necessarily mean that those conditions would exist as part of the facility study, right?

A. (Corey) Correct.

Q. Now, you were asked a couple of questions earlier about cost allocation and projects that are included in the class year facilities study.

Would you agree with me that if a project has accepted its cost allocation that it is likely to have to make a significant financial commitment?

A. (Corey) Yes. This morning and today we have talked of cost allocation in a couple of contexts. I would just like to clarify that in the context of the interconnection process, cost allocation that we were talking about is for system upgrade facilities that have been identified in the interconnection process, specifically the class year study is the cost allocation I was referring to.

And also we were talking about the deliverability analysis that's newly added to that process. If there are any system deliverability upgrades that are subject to cost allocation, that would be a separate cost. And those cost allocations are different than the economic

planning process cost allocations that Mr. Buechler was describing in the CSPP process.

Q. I am referring to the former, and let's just stick with cost allocations associated with the minimum interconnect standard or where a project is accepting a cost allocation of attachment facilities and system upgrade facilities.

In order to do that a project just doesn't sign a piece of paper and say, I accept. It has to post financial security to participate.

Would you agree with me?

A. (Corey) Yes, that's correct.

Q. A project that accepts its class year allocation and posts that security, wouldn't you except that would be let's term it a higher level of commitment than just, say, getting into the NYISO queue?

A. (Corey) Yes.

Q. Mr. Buechler, I have a couple of questions for you about some of the questions that were asked regarding CARIS.

You indicated that there are a number of models that are under consideration for use in performing the production cost analysis under the CARIS process?

A. (Buechler) That is correct.

Q. Can you identify them?

A. (Buechler) The GE MAPs production costing model and the ABB Gridview production costing.

Q. Now, the rules of procedure for conducting a CARIS process haven't been determined yet, right?

A. (Buechler) We have, in accordance with the tariff that FERC initially approved back in October, that tariff itself required a number of procedures to be developed in accordance with our stakeholder process.

We have been engaged in that since early this year. We have made a significant dent in that, in developing those procedures. A number of them were going to the operating committee for approval in April, obviously, where we are now, but we have not yet completed the process.

However, again, To support the beginning of the CARIS studies in late May, early June, we envision completing those -- the rest of the procedures by then.

Q. So, given that the procedures haven't been finalized at this point you wouldn't expect a developer to seek to participate in or to be evaluated under the CARIS process at this time, would you?

A. (Buechler) No, I would not.

Q. I just have a quick clarification for you

regarding page 31 of your testimony, Mr. Buechler, and lines 20 through 23, I believe.

A. (Buechler) Yes.

Q. This is where you made the change this morning in your testimony where it states, As a participant in the NYISO governance process NYRI -- now reads -- may become eligible to vote on the CARIS report?

A. (Buechler) Yes.

Q. Do you know NYRI's status as a member of the NYISO governance process?

A. (Buechler) My understanding is that NYRI's current status is as a member of the governance process but as a -- in the non-voting class.

Q. Would you agree with me that, given NYRI's current status, there is no stakeholder group that it could become a member of, to become a voting member?

A. (Buechler) I believe I agree with that, yes. Yes.

Q. I just wanted to clarify that point, so, I am done with that portion of your testimony.

Moving back to you, Mr. Corey. If you could turn to your testimony at the top of page 10, please.

A. (Corey) Yes.

Q. There you state in line one and two, on June 27,

2008 the management committee approved the NYRI SRIS by a vote of 84.25 percent. And isn't it correct that the management committee voting is recorded, and the results are published on the website. On the NYISO website?

A. (Corey) They are certainly recorded and, yeah, they are posted on the website, yes.

Q. I have had marked for identification as exhibit 287 -- I am going to hand this to you, you don't have it yet -- a document entitled NYISO management committee meeting June 27, 2008. I would like to have you take a look at that.

JUDGE STOCKHOLM: Off the record.

(Discussion held off the record.)

We have had marked at counsel's request three documents for identification. Number 287 is a NYISO management committee meeting, June 27, 2008, with motions for the meeting.

For identification as exhibit 288, the NYISO operating committee February 27, 2009 final motions.

And as exhibit 289 for identification, a CPV Valley Energy Center document noted draft February 26, 2009. That last document is a NYISO review of the SRIS for the CP Valley Energy Center.

(Exhibits 287 through 289 marked for

identification.)

MR. SINGER: I'm up?

JUDGE STOCKHOLM: Yes.

BY MR. SINGER:

Q. Mr. Corey, with respect to what's been marked as Exhibit 287 for identification, would you agree with me that that's a report of the motions from the June 27, 2008 management committee meeting that you reference in your testimony?

A. (Corey) Yes.

Q. And the motion with respect to the NYRI SRIS is motion number six, correct?

A. (Corey) Yes.

Q. Now, if you turn to the page in that document that refers to the voting record for motion number six, which I believe is the sixth page in the document, do you see that?

That's the voting record for motion number six, right?

A. (Corey) There is -- appears to be two pages that relate to motion six. There is like a summary table and then a more detailed table.

Q. Right. The summary table shows the 84.25 percent for the NYRI SRIS approval, which you reference in your

testimony, right?

A. (Corey) Yes.

Q. And then the next page has the individual voting on that motion, number six?

A. (Corey) Yes.

Q. Would you agree with me that of the four transmission owners, Central Hudson, National Grid and New York State Electric & Gas all voted in favor of approval?

A. (Corey) Yes. That's what it shows.

Q. If you could go back to the NYISO review of the NYRI SRIS that was handed to you a few minutes ago. Again, that's part of Exhibit 23 in this proceeding and turn to page ten, please.

A. (Corey) Excuse me. That was New York Regional -- NYISO review of New York Regional Interconnection?

Q. Yes, sir.

MR. SALTARELLI: Our copy doesn't have a page ten.

A. (Corey) Looks like I didn't get the duplicate. It's an even number of pages.

Q. (Handing)

A. Okay.

Q. Could you read the first sentence of that under

the heading Conclusions?

A. (Corey) Yes. The results presented in the report under the system conditions evaluated in using the existent models, methodologies and applicable rules, indicate that the proposed project would not adversely impact the reliability of the New York State transmission system.

Q. And that was the NYISO's conclusion based on the NYRI SRIS, correct?

A. (Corey) Yes.

Q. Now, if you could turn to page eight of the report and read the --

MR. SALTARELLI: I am sorry to interrupt.

Is there any chance you have an extra copy, because we don't have a copy of the document with those pages, with the even pages in it?

MR. SINGER: I don't. It's in the record in the proceeding.

JUDGE STOCKHOLM: I can get a copy up here. Where is it in the application?

MR. SINGER: Appendix H.

BY MR. SINGER:

Q. On page eight of that report, Mr. Corey, in the last paragraph could you read the sentence, the second

sentence that starts, The Moses south interface?

A. (Corey) The Moses south interface emergency limit increased by about 350 megawatts and UPNY Con Ed normal and emergency limits increased by a small amount despite the non-controlling thermal limit decreasing by about 500 megawatts.

Q. Could you explain to us what is meant by non-controlling?

A. (Corey) Sure. In evaluating transfer limits, we evaluate limits based on three basic criteria: Thermal analysis, thermal criteria, voltage criteria and stability criteria.

And the -- what we call the controlling limit would be the criteria that gives us the lowest transfer limit of those three. So, the other two that are above the controlling limit would be the non-controlling criteria limits.

Q. So, in the case of the NYRI SRIS, the thermal limit was a non-controlling limit, correct?

A. (Corey) Yes.

Q. And the NYRI project actually showed an increase in the voltage limit, correct?

A. (Corey) Yes.

Q. Would you agree with me that the voltage limit

for the UPNY Con Ed interface was the voltage limit?

A. (Corey) Yes. That was the finding of the SRIS, yes.

Q. And that's also the basis of your statement at page 12, line seven, of your testimony, that the UPNY Con Ed normal and emergency limits increased by a small amount because the voltage limit increased, and that was the control limit, correct?

A. (Corey) Yes. That was the basis, yes.

Q. And if you could turn to your exhibit SLC-4, which is exhibit 280 in this proceeding, the NYISO board of directors' decision.

The last sentence on page two, if you could read that, please.

A. (Corey) The NYISO staff, for example, found that the voltage limits for the New York city and lower Hudson Valley used in the NYRI SRIS are marginally within the normal range.

Is that the...

Q. Actually I wanted you to read the last sentence on page two starts that starts with, In addition?

A. (Corey) In addition, recent similar New York ISO studies have consistently shown that the limiting factor interface is voltage, not thermal.

Q. The interface that's being referred to is the UPNY Con Ed interface, correct?

A. (Corey) Yes, that's correct.

Q. And could you -- while we are at it, could you read the last sentence of that paragraph, the carryover paragraph, that starts with Furthermore, on page three?

A. (Corey) Furthermore, because the amount of power flowing on the NYRI line would be under the control of the New York ISO, it would be able to adjust flows as necessary to achieve and maintain the reliable operation of the transmission system if such decrease in thermal capability was experienced.

Q. If you know, could you explain what is meant by the phrase, If such decrease in thermal capability was experienced?

A. (Corey) This is what is -- it seems to be referring to in actual operation. If we, in evaluating the schedule for the NYRI facility, along with the other facilities that are under the ISO operational control, we would assess the impact of the project and the other facilities on the system on the UPNY Con Ed interface limits, and schedule those facilities so as not to exceed the UPNY Con Edison limit. The actual limit in effect at the time of the operation.

Q. So, in other words, the fact that an SRIS result shows that there is a decrease in a thermal limit does not necessarily mean that in operation that the -- there will actually be a decrease in the thermal limit.

Would you agree with that?

A. (Corey) I guess, as we have -- as I have testified before, you can get different results under different operating conditions, so there wouldn't necessarily be a decrease in the thermal limit under other conditions or conditions other than those that were evaluated in the SRIS.

Q. Now, you have been -- and correct me if I am wrong -- but still are, your title is, I believe, manager of interconnection projects?

A. (Corey) Yes.

Q. Or has that changed? So, you have reviewed a number of different system reliability impact studies; would you agree with me?

A. (Corey) Yes, I have.

Q. I would like you turn to what's been marked for identification as exhibit 288. It's one of the ones we handed to you earlier. It's the NYISO operating committee February 27, 2009 final motions.

A. (Corey) Yes. I have got it.

Q. Do you see motion four on that?

A. (Corey) Yes.

Q. It relates to the CPV Valley Energy Center project; is that correct?

A. (Corey) Yes.

Q. Is that the one that you referred to earlier as Waywayonda?

JUDGE STOCKHOLM: That was probably my reference.

A. (Corey) Yeah. That's the one -- that's the project that I understood we were talking about before, yes.

JUDGE STOCKHOLM: Thank you for the name, Counselor.

Q. Does this document show that the CPV Valley Energy project SRIS was passed by or approved by the NYISO operating committee on February 27th?

A. (Corey) Yes, it does.

Q. And the NYISO did a review, as it does for all system reliability impact studies, of the CPV Valley system reliability impact study, correct?

A. (Corey) Yes.

Q. That's been marked for identification as exhibit 289; is that right?

A. (Corey) Yes.

Q. With respect to the CPV Valley system reliability impact study, could you turn to page five of that document and read the second paragraph under the heading transfer limit analysis.

A. (Corey) Sure. The results show that the project has a negative impact on all transfer limits, but UPNY Con Ed the most. The project decreases the UPNY Con Ed normal and emergency thermal limits by 460 megawatts and 620 megawatts respectively due to limits on Rock Tavern, Ramapo 345 kv and Roesten, Fishkill 345 kv.

This is highly dependent on the generation and HVDC dispatch in the vicinity of the point of interconnection. Says POI, but that stands for point of intersection. And such optimizations were not performed nor were they required.

Q. Thank you. So, would you agree with me then that the CPV Valley has a negative impact on the thermal limits of the UPNY Con Ed interface?

A. (Corey) As evaluated in its SRIS, yes.

Q. Again, if you look at the last paragraph under the transfer limit analysis for the CPV Valley project, would you agree with me that when the transfer limit of UPNY Con Ed was studied for this project the voltage

limit was still controlling?

A. (Corey) Excuse me. Where am I looking now?

Q. Still on page five.

A. (Corey) Which paragraph?

Q. The last paragraph that starts, comparing thermal and voltage limits.

A. (Corey) Okay, I got you.

Q. The question was: Would you agree with me, based on that paragraph, that the CPV Valley SRIS showed that the voltage limit of the UPNY Con Ed interface was the controlling limit?

A. (Corey) Yes. This would indicate that.

Q. So, in that sense, would you agree with me that both the NYRI SRIS and the CPV Valley SRIS were similar in showing that the controlling limit on UPNY Con is the voltage limit?

A. (Corey) Yes. That's the case, yes.

Q. But one of the differences -- and again if you would agree with me-- that the CPV Valley SRIS showed that it would decrease the controlling limit on a number of other interfaces, including central east, total east, and UPNY SENY, correct?

A. (Corey) Yes.

Q. Now, by the way, could you go back to exhibit

288, the February 27, 2009 motions?

JUDGE STOCKHOLM: Let me just ask a quick question about where you were.

The HVDC reference in the second paragraph under transfer limits that counsel had you look at, is that a reference to NYRI? Is the assumption here that NYRI is in service?

(Corey) NYRI, as a higher queue project, would be modelled in the base case for the CPV Valley SRIS. So, yes it was in the case.

JUDGE STOCKHOLM: The reference to HVTC was really to NYRI?

(Corey) Yes.

JUDGE STOCKHOLM: Thank you.

BY MR. SINGER:

Q. I wanted you to go back to exhibit 288, which is the report of the final motions from the February 27th operating committee meeting.

If you could turn to the page that shows the voting on the CPV Valley project. I believe it was motion four.

We will have to skip that question because I believe it wasn't on there, but is there any indication in this document of who the attendees were at the

meeting?

A. (Corey) Yes.

Q. The last two pages of the document show who attended the meeting?

A. (Corey) Yes. Both those pages are indicated to apply to the operating committee meeting of February 27, 2009.

JUDGE STOCKHOLM: I actually have three pages, counsel.

MR. SINGER: The last two pages.

JUDGE STOCKHOLM: I have the last three pages that all look the same. They all say attendance at February 27, 2009, Albany, New York.

MR. SINGER: Right. Last three pages.

JUDGE STOCKHOLM: Thank you.

BY MR. SINGER:

Q. Can you tell me from that list whether Con Edison attended that meeting?

A. (Corey) Yes. I see a checkmark next to one of the Con Edison representatives.

Q. Now, since the motion to approve the SRIS for CPV Valley passed unanimously, and Con Edison was in attendance at the meeting, would you agree with me that this shows that Con Edison didn't oppose the approval of

the CPV Valley SRIS?

A. (Corey) I agree that no one opposed the motion. It was passed unanimously.

Q. Good enough. Mr. Corey, are you familiar with the term system impact study as opposed to system reliability impact study?

A. (Corey) Yes.

Q. When is a system impact study used?

A. (Corey) There is two instances that we used the term system impact study as opposed to system reliability impact study.

One is in the small generation interconnection process. The study that is like a system reliability impact study is called a system impact study.

And the second instance is in the -- what I call the transmission expansion process, which is in section 19 of our open access transmission tariff. Also in section 32 of the transmission tariff there is similar wording, where an eligible customer may request the ISO to perform a system impact study for a possible transmission project.

Q. So, would you agree with me that a transmission owner that proposes a transmission project could request to do a system impact study rather than a system

reliability impact study?

A. (Corey) Yes, they could.

Q. Does a system impact study include a transfer limit analysis?

A. (Corey) Generally, yes. That would the -- depend on the size of the project, but for projects -- in most cases, the project would require a transfer limit analysis.

Q. Thank you. Do you know whether a system impact study was done for a project known as the Millwood 240 megavar capacitor bank?

A. (Corey) That capacitor bank was identified in a system impact study that wasn't -- it wasn't initiated specifically for the Millwood capacitor bank. It was initiated for what we call the Athens special protection system.

And the capacitor bank was identified in that study as a facility they wished to add to that transmission upgrade for the -- for that study.

Q. Let's go back to the NYISO's review of the NYRI SRIS, which you have there, for a minute and go to page eight of that document.

A. Okay.

Q. Do you see under the heading transfer limit

analysis, the second sentence that starts, the 240 megavar shunt capacitor bank.

Could you just read that, please.

A. (Corey) The 240 megavar shunt capacitor bank to be installed at the Millwood 345 kv substation as studied in a system impact study under interconnection queue number 217A was not modelled in the study cases because that SIS was not completed at the time of commencing this study.

SIS being short for system impact study.

Q. Now, it says it was not completed at the time. It was not completed at the time for the NYRI SRIS because it wasn't required to be completed under the SRIS rules with respect to the projects in the queue that need to be included, correct?

A. (Corey) Correct. Under the ISO rules, we would not have modelled the capacitor bank, Millwood capacitor bank in the NYRI SIS.

Q. Because it's a higher queued project than the NYRI project, correct?

A. (Corey) Not just because of that. The system impact study, I mean, that's one reason why it wouldn't have got modelled, but there are other reasons potentially why it might not be modelled.

Since the rules of what I call the transmission expansion process don't technically fall under the interconnection process rules, so there might be other -- we -- the ISO uses other criteria for, for instance, including transmission owner projects into base cases for system reliability impact studies.

Q. In the case of NYRI, would you agree with me that the NYISO did do an analysis that included the Millwood cap bank in response to Con Edison and O&R's appeal of the NYRI SRIS?

A. (Corey) Excuse me. Were you asking whether the ISO did or whether NYRI did?

Q. Whether the ISO did an analysis that included the Millwood capacitor bank in determining the impacts of the NYRI project.

That the NYISO did that analysis, correct?

A. (Corey) Yes. That was the -- what was included in -- as exhibit 5 of my testimony.

Exhibit 5 came out after my rebuttal testimony, or it came out with my rebuttal testimony, so, it was in the original submittal with the original direct testimony.

Q. Great. I don't have to hand it out. We already have it.

Does this document that you just referred to, exhibit 5, I am sorry, I don't have the number in this proceeding.

JUDGE STOCKHOLM: 273.

Q. Exhibit 273, your exhibit 5, Mr. Corey, shows the NYISO's analysis of Con Edison's claims regarding the NYRI SRIS, correct?

MR. SALTARELLI: One moment, Your Honor.

A. (Corey) Could you repeat the last question.

Q. This document that's -- that we are referring to is the document prepared by the NYISO in response to the Con Edison and O&R appeal of the NYRI SRIS approval by the management committee, correct?

A. (Corey) There was a -- it wasn't required to be performed by the ISO, but we undertook the analysis to, I guess, satisfy ourselves regarding the potential impact of Con Edison's comments in the appeal.

Q. Right. I didn't mean to imply that it was required by any particular tariff or process, but it was something that the NYISO performed, right?

A. (Corey) Yes.

Q. Could you turn to page five of the document.

Does the table show that -- or actually comparing the two tables, would you agree with me that it shows

that even with the consideration of the Millwood capacitor bank that the UPNY Con Ed transfer limit, the controlling limit, is the voltage limit?

A. (Corey) Yes. This analysis indicates that, yes.

Q. It also indicates that the New York Regional Interconnect would show a slight increase in the voltage limit, correct?

A. (Corey) Yes.

Q. If you could go back to the NYRI -- the NYISO review of the NYRI SRIS and turn to page six.

A. (Corey) Okay.

Q. Now, the paragraph in the middle of the page that starts, For the Central Hudson Gas and Electric system, do you see that?

A. (Corey) Yes. The first sentence indicates, and I will paraphrase it, that the NYRI project increases pre-contingency and post-contingency loading and may reduce Central Hudson's operating flexibility to secure their system.

Do you see that.

A. (Corey) Yes.

Q. That was the issue we were talking about earlier today with respect to Dannskammer and Roesten; is that correct?

A. (Corey) Yes.

Q. The next sentence of that paragraph -- actually, could you read that, please?

A. (Corey) States the New York ISO will operate the project in a manner that does not negatively impact the New York State transmission system. This may include dispatching patterns that eliminate potential reliability issues that may exist during certain system conditions.

Q. Could you explain what that sentence means.

A. (Corey) Essentially that means in the operation of the ISO's day ahead markets and end day markets that the ISO would, as we do with all facilities that are in those markets, we would operate the system to maintain the reliability of the system within its limitations.

Q. Now go to exhibit 289, which is the NYISO review of the CPV Valley SRIS, and turn to page four.

A. (Corey) Okay.

Q. Third paragraph on that page?

A. (Corey) The one starting with sensitivity analysis?

Q. Correct.

A. (Corey) Sensitivity analysis was performed for four levels of Dannskammer generation to determine the

project's impact on the Central Hudson underlying system.

For the studied dispatch scenarios, the project aggravates existing post-contingency thermal overloads, indicating that the project may reduce Central Hudson's operating flexibility to secure their system.

Q. So, would you agree with me then that the impact, again, of NYRI is similar to the impact of CPV Valley as shown in these two SRIS reports, regarding the impacts on Central Hudson's system?

A. (Corey) Yes, they are shown to be similar in these studies.

Q. Mr. Corey, are you familiar with the NYISO operating study? Let me just ask you the question: Does the NYISO perform an annual operating study?

A. (Corey) We perform a summer operating study, yes.

MR. SINGER: Your Honor, I would like to have marked as the next two exhibits the NYISO operating studies for the summer 2007 and the summer 2008.

JUDGE STOCKHOLM: The documents described by counsel, the one for summer 2007 is marked for identification as 290. And for summer of 2008 it is marked 291 for identification.

(Exhibits 290 and 291 marked for

identification.)

Q. Mr. Corey, could you tell me what the operating study -- let's just start with the one for summer 2007. What are these operating studies generally used for?

A. (Corey) These studies, first of all, say that the studies are not performed under my management specifically, but I am generally familiar with the studies. And they are performed for the upcoming summer period.

It's mainly a thermal analysis of the transfer limits, thermal transfer limits, across the -- for interfaces across the system, and also the interfaces with the neighbor systems, and for the conditions that are anticipated for the coming summer peak.

And they are performed to give some advance information to operators, and to the ISO in general, the ISO participants in general, of the transfer limits expected to exist for that season.

Q. Why don't you turn to page five of exhibit 290, which is the summer '07 operating study. The heading under the cross state interface is transfer limit analysis. That section starts, The interface, the transfer limit analysis that you just referred to in your testimony, right?

A. (Corey) Yes.

Q. If you turn to page six, at the top there is a reference to Dunwoodie South?

A. (Corey) Yes.

Q. Could you read that sentence.

A. (Corey) Dunwoodie South interface limit decreased 320 megawatts and is the result of the change in the limiting element and limiting contingency with the addition of the Mott Haven 345 kv substation.

Q. Now, Dunwoodie South is a major transmission interface into New York City zone J, correct?

A. (Corey) Yes.

Q. And is it correct that it essentially connects zone I to zone J?

A. (Corey) Yes. That is correct.

Q. The Mott Haven substation that's referred to in the sentence you just read, that's owned by Con Edison, right?

A. (Corey) Yes.

Q. Do you know when that Mott Haven substation was placed in service?

A. (Corey) Based on information in the report, the substation went in service between the summer 2006 and summer 2007. I don't know specifically the date that it

went in service.

Q. Now, could you explain to us what the sentence means that the interface limit decreased -- and obviously you can read it for yourself -- but with the addition of the Mott Haven 345 kv station?

Do you know what that means?

A. (Corey) Just that it went down from its prior level.

Q. As a result of the addition of the Mott Haven substation?

A. (Corey) That's what's indicated in the report, yes.

JUDGE STOCKHOLM: Am I missing something here? You added a substation which seems to me to generally be looking toward improving or upgrading or sustaining at least the system, but you added the substation and you decreased the transfer limits into New York City?

Am I right or am I missing something?

(Corey) I am not the one that added the substation.

JUDGE STOCKHOLM: That's the answer of the day.

MR. SINGER: Actually, that's my point. Con

Edison added the substation.

JUDGE STOCKHOLM: I still want to see if the witnesses are telling me that adding the substation actually decreased the transfer limit into New York City.

Do I understand that correctly?

(Corey) According to this analysis, yes, it did actually decrease the transfer limit into the city. I am sure there were other reasons why the substation was added. It wasn't added specifically to increase transfer capability.

JUDGE STOCKHOLM: It wasn't added to decrease transfer capability? Didn't this decrease transfer capability?

(Corey) It was added for other reasons.

JUDGE STOCKHOLM: Right.

MR. SINGER: But it had that impact of decreasing transfer limits into the city.

(Corey) That's what this report indicates.

JUDGE STOCKHOLM: Good thing this is not a prudence case.

Go ahead, counselor.

BY MR. SINGER:

Q. Now, if you could turn to exhibit 291, which is

the summer 2008 operating study. Please turn to page four.

A. (Corey) Okay.

Q. Do you see the third paragraph, it says the Sprain Brook Dunwoodie South interface limit increased 200 megawatts?

Do you see that? It's page four, the third paragraph.

A. (Corey) Yes.

Q. Now, do you know if that's the same interface that's referred to in the 2007 study as the Dunwoodie South interface?

A. (Corey) I guess I don't know for a fact. I would assume that it is the same interface. Generally the interfaces from one operating study to the next are the same interfaces.

Q. So, in 2007, as a result of the addition by Con Edison of the Mott Haven substation, the Dunwoodie South interface limit decreased by 320 megawatts, and then in 2008 it increased by 200 megawatts, I assume that's over its 2007 325 megawatt decrease?

Do you know that?

A. (Corey) I do not know that specifically, whether it's the -- I am not specifically familiar with the

basis that the increase or decrease is made. I assume it's -- it's relative to the previous summer, so, it's relative to the transfer limit that had been determined in the summer 2007 study.

Q. So, with these two studies, all else being equal, we would still end up with a decrease in the Dunwoodie South transfer limit, correct?

A. (Corey) Yes.

Q. Staying with exhibit 291 for a couple additional questions. The next paragraph refers to the Athens SPS. I believe you referred to that earlier in connection with the Millwood capacitor bank?

A. (Corey) Yes.

Q. That's the same Athens SPS that you were referring to?

A. (Corey) Yes.

Q. Was this special protection system approved by the New York ISO?

A. (Corey) I don't know that we approve facilities. We approve the report. The operating committee approved the system impact study report for this. So, from that standpoint, it was approved by the ISO.

Q. There was some question last week about precisely what a special protection system is. If you know, could

you explain that to us.

A. (Corey) A special protection system -- first of all, to explain a protection system, a standard protection system is a relay-type system that's applied to the power system for the purpose of clearing faults or disturbances on the system. So, it's there to protect facilities.

A special protection system is a device that's placed on the system for purposes other than for clearing faults. It would be more for the purpose of mitigating some sort of system condition and adverse system condition.

Q. And in the case of Athens, if the adverse system conditions was overloading one line when another line goes out of service?

A. (Corey) Yes. That's the case for the Athens SPS, yes.

Q. The Athens SPS essentially allowed the Athens generating plant to run more because the SPS would trip under certain conditions, and the condition being one of those lines that's mentioned in that paragraph going out of service, correct?

A. (Corey) Yes.

Q. Just one more question on this particular

document. The summer 2008 study, exhibit 291, could you turn to table 1A on page 11.

What's shown there as the normal UPNY Con Ed limit, transfer limit?

A. (Corey) Table shows 3,650 megawatts is the UPNY Con Ed normal limit.

Q. Thank you. Just a couple more questions for you, Mr. Corey.

And this is in general. Are you familiar with the operating reserve requirement in New York State?

A. (Corey) I am not as recently familiar with that, but I am generally familiar with it.

Q. Do you know what the operating reserve requirement is in megawatts?

A. (Corey) Well, the number that I recall is 1800 megawatts.

Q. And how is that determined?

A. (Corey) That's one and a half times the size of the largest capacity loss due to a single contingency, and that historically has been -- the single contingency loss was 1200 megawatts, so one and a half times that is 1800 megawatts.

Q. Where does that 1200 megawatts come from? How is that determined to be the single largest capacity loss?

A. (Corey) That's -- historically, that was based upon the loss of the Bowline plant, I believe.

Q. Now, if there was a system resource that was providing greater than 1200 megawatts of capacity, would that change the operating reserve requirement?

A. (Corey) Yes, it would.

Q. Does that also apply to transmission facilities?

A. (Corey) I guess it depends on the circumstances of the transmission facility. If it's carrying capacity that is being relied upon, that could apply toward a transmission facility that's entirely within New York.

For instance, the loss of the facility would not result in the loss of any capacity. It would not result in any net loss capacity to the state.

Is that what you mean?

Q. Okay. That's good enough. I will move off that issue.

MR. SINGER: Your Honor, I would like to have marked as the next exhibit for identification a document entitled Power Trends 2009.

JUDGE STOCKHOLM: The document just identified by counsel will be marked for identification as exhibit 292.

(Exhibit 292 marked for identification.)

Q. Mr. Buechler, you are familiar with this document; are you not?

A. (Buechler) Yes, I am.

Q. The Power Trends document is something that is put out annually by the New York Independent System Operator?

A. (Buechler) For some time now, yes.

Q. The one that we marked as exhibit 292 is the latest version?

A. (Buechler) That is correct.

Q. Could you turn to page eight and take a look at figure three.

Does this show graphically what you were saying earlier in your testimony, that the majority of the wind generation, that's both existing and proposed in New York State, is in the northern and western portions of the state?

A. (Buechler) Yes, that is correct.

Q. Could you turn to page 14.

Would you agree with me, based on what's stated on page 14, that there is a lack of fuel diversity in New York City and Long Island?

A. (Buechler) Yes. That's one of the points being made here.

Q. And could you read the sentence in the middle of the paragraph that starts, This imbalance?

A. (Buechler) This imbalance unduly ties consumer electricity costs to highly volatile and unpredictable prices set by the global commodity markets.

Q. Could you turn to page 15, please. The heading is aging infrastructure, correct?

A. (Buechler) Yes.

JUDGE STOCKHOLM: Before we get to aging infrastructure, if I could just go back on the fuel diversity.

Does the ISO in any of its studies consider in any weight to the value of fuel diversity?

(Buechler) We do not explicitly. I am not exactly sure what you meant about any of our studies, though, Your Honor.

JUDGE STOCKHOLM: I can't keep track of all of them, but as a general matter in your comprehensive reliability planning process, do you consider fuel diversity for new generation sources?

(Buechler) In our planning process we do -- we have and do perform a number of what we call scenario analysis, which look at a variety of factors and fuel diversity can be one of those factors. So, in that

sense, we would consider it, but there is not a specific NYISO call it criterion for fuel diversity.

JUDGE STOCKHOLM: Counsel.

MR. SINGER: Thank you, Your Honor.

Q. Moving on to page 15, under aging infrastructure, the third paragraph indicates that the last major intrastate transmission line was the Marcy South project and that was completed in the late 1980s; is that correct?

A. (Buechler) Yes.

Q. Could you read the last two paragraphs of that section.

A. (Buechler) A renaissance in cleaner generating technologies built at locations remote from the population centers of the state that demand the most electricity is among the developments placing additional stress on our existing transmission system.

Many areas of the transmission system currently experience congestion due to changing patterns of electricity usage. These congestion points inhibit the flow of electricity from available power supplies to areas of acute power demand, resulting in higher electricity prices.

Q. Turn to page 24, please. There is a section

entitled, renewable resources. Could you read the first paragraph of that.

A. (Buechler) Open access to the grid and competitive wholesale electric markets have facilitated the increased development of renewable energy projects. Moving the electricity they produced through areas of high consumer demand will require substantial investments in the state's transmission infrastructure.

Q. I want to move to your testimony, Mr. Buechler, and specifically at page 24 and 25.

JUDGE STOCKHOLM: Mr. Singer, I apologize, but I have got a question right on where they are.

In the paragraph that you just read from, I think you read from it, page 24 under renewable resources, it says, Decisions on where to locate new lines and how to pay for them will be crucial to the future growth of renewable energy.

I guess, given the other statements and testimony and evidence that we have heard in this case, I just wonder if you have - if you all were in charge of the world, do you think you have enough information now, given all the studies that are outstanding, to be able to make a decision on where to locate new lines today before many of those studies are completed?

(Buechler) Before the studies are completed.

JUDGE STOCKHOLM: Right, today. As of today, based on the information that's on the table today, do you think a government agency, or whoever was in charge of making the decision, could make a decision on where to locate them, how to pay for them, etc?

(Buechler) Specifically to address what's discussed in this paragraph, namely the deliverability of renewable energy? For that specific purpose, Your Honor?

JUDGE STOCKHOLM: Sure.

(Buechler) I don't think there is enough information on the table today, no. And I think that specific analysis would be needed if there were to be a public policy decision requiring such deliverability.

JUDGE STOCKHOLM: Would you agree with me that -- I think you said this before -- that we are not going to know the sort of updated impact of NYRI on -- at least on reliability, if not on economics, put the economics aside, but at least on reliability, until the class year study is completed in 2010; is that fair?

(Buechler) Mr. Corey said that, yes.

(Corey) Yes. That's what I testified to.

JUDGE STOCKHOLM: Thank you. Go ahead,

counselor.

BY MR. SINGER:

Q. In terms of that have question, and I was actually just going there, Mr. Buechler, on pages 24 and 25 of your testimony you talk about the 2007 CRPP and the treatment of the New York Regional Interconnect project in that process.

I believe one of the counsel asked you a number of questions about that earlier today?

A. (Buechler) Yes.

Q. And in that section of your testimony you indicate that, both in 2007 and 2008, in the CRPP process, the NYISO determined that the New York Regional Interconnect project would improve reliability, correct?

A. (Buechler) That is correct.

Q. That was done using the MARS software and based on a determination of loss of load expectation?

A. (Buechler) That's also correct.

Q. New York Regional Interconnect project, when it was modelled using that software, showed a reduction in the loss of load expectation?

A. (Buechler) Yes, that's correct.

Q. Now, in terms of the reliability impact that's done as part of the facility study, Mr. Corey, wouldn't

you agree with me that the facility study determines the equipment that -- and facilities that would be needed to safely interconnect the project to the transmission system under the conditions that are studied in the facility study?

A. (Corey) Yes.

Q. Now, the facility study process doesn't do a MARS analysis to determine the impact of a project on loss of load expectation, correct?

A. (Corey) That is correct. It does not.

Q. It's only to take a look at the particular class year projects to determine what's needed to safely interconnect those projects to the system, correct?

A. (Buechler) With respect to the thermal voltage and stability criterion, yes.

JUDGE STOCKHOLM: Could you translate MARS for me.

MR. SINGER: Multi area reliability simulation, I believe.

JUDGE STOCKHOLM: That's a different piece of software from--

MR. SINGER: From MAPs.

JUDGE STOCKHOLM: From MAPs, yes.

(Buechler) Yes, Your Honor.

JUDGE STOCKHOLM: Thank you.

MR. SINGER: I don't know. Did I get that acronym right, multi area reliability simulation?

(Buechler) Yes.

MR. SINGER: That's all my questions, your Honor.

I just want to move or mark for identification two interrogatory responses that were provided by the NYISO in response to Con Edison interrogatory requests. And we will hand them out. Those are requests numbered CECONY 3 and request number CECONY -41.

JUDGE STOCKHOLM: The documents identified by counsel have been marked -- CECONY 3 has been marked as 293 and CECONY 4 has been marked as 294.

(Exhibits 293 and 294 marked for identification.)

MR. SINGER: Now, I believe under the Commission's rules interrogatory responses are supposed to identify a witness. These don't, but I would assume that counsel would stipulate that these are responses that were provided by the NYISO?

MR. SALTARELLI: Yes.

JUDGE STOCKHOLM: That's fine.

MR. SINGER: Thank you. That's all I have.

JUDGE STOCKHOLM: And you are done.

Does the ISO contemplate redirect and would you like a short break to talk to the witnesses?

MR. SALTARELLI: Yes, if we could just have a short break, maybe about five minutes.

JUDGE STOCKHOLM: I will give you eight. We will come back at 6:15.

(Recess taken.)

JUDGE STOCKHOLM: Redirect.

MR. SALTARELLI: Your Honor, the NYISO has no redirect for either witness.

JUDGE STOCKHOLM: Let me say, first of all, thank you very much for that answer. I have heard that way too seldom in this hearing.

More seriously and more generally, the ISO didn't have to come here and you provided testimony voluntarily, you have answered many questions that I am sure not only that I had but the other parties had as well, and I don't think this record would have been complete had you not been here.

So, I want to extend my thanks, and on behalf of myself and Judge Phillips, as well as the Commission, for the assistance you have given this

project. Thank you very much for your time and your efforts.

MR. GLASSER: Were you intending to excuse the panel at this point?

JUDGE STOCKHOLM: That's where I was going, yes, sir.

MR. GLASSER: I did have one matter. Earlier -- is this an appropriate time?

JUDGE STOCKHOLM: Well, go ahead. Raise the issue.

MR. GLASSER: Earlier during my examination of the panel, the beginning of the day, I asked about the responses to Central Hudson's interrogatories which have been marked as exhibit 282. And also examined the panel substantively on some of the same questions.

During a break, Mr. Patka and I conferred, and it's my understanding that the ISO is now prepared to provide a response to questions 5C and D.

JUDGE STOCKHOLM: On exhibit 282?

MR. GLASSER: On exhibit 282, and along the lines of what your Honor was just expressing, it is appreciated that the ISO is willing to do that much, but there is a little bit more that I would like to have.

Specifically, I would like to have answers

to all of the other questions that were objected to. And I am not going to make a motion or ask your Honor for a ruling, because of the -- because of recognizing the factors that your Honor just did, namely, that it was a constructive effort by the ISO to participate to the extent they have.

However, I would ask that your Honor consider encouraging the ISO to review the Central Hudson questions and consider providing answers to the ones that they have maintained their objections to.

My basis for that is that the question of what are the rules of the road that Central Hudson will be subjected to on the assumption that the NYRI project is approved and in operation is an important one, from our standpoint, because there is the potential for difference in treatment for redispatch cost for the facilities that the ISO secures and the facilities that Central Hudson secures.

And, at a bare minimum, I think it would be very constructive for the ISO to state its position on that question because having that information would provide a basis for addressing specifically, rather than in the alternative, what those consequences will be.

And they can present -- depending on that

answer -- present financially significant potential negative consequences that Central Hudson would argue would need to be considered in evaluating the benefits and costs of the project.

So, without belaboring this further, I would just simply make that request to your Honor. And again, I express the thanks to the ISO for the cooperation we have received.

JUDGE STOCKHOLM: I, of course, will encourage the ISO to please talk to Central Hudson and see if you can get them answers for your questions.

And despite my thanks, and they are sincere, one of the things that the NYISO did do in offering to come in here and file testimony is subject themselves to our rules. If it comes to that, I hope it won't, but if it comes to that a motion to compel is available under the rules, but I would hope that the NYISO could have conversations off the record, or to the extent you need information on the record, Mr. Glasser, and we could proceed that way.

MR. SINGER: Your Honor.

JUDGE STOCKHOLM: One second.

MR. SALTARELLI: We will certainly endeavor to continue having those conversations with Mr. Glasser.

Mr. Patka and Ms. Gach have had those conversations already today.

JUDGE STOCKHOLM: Thank you very much. I appreciate that.

Yes, sir.

MR. SINGER: Given the possibility that there might be an additional document entered into evidence, which would be NYISO's responses to Central Hudson interrogatories, what if we have questions and we want to challenge the answers or question the witnesses about those answers if they come in late after the witnesses have been excused?

JUDGE STOCKHOLM: Witnesses are always subject to recall. I don't think we said that on day one, but today will do. Witnesses are always subject to recall if we need. If it's a simpler matter, we can do it with interrogatories, but if it's necessary to get them back, we will try to figure out how and when that gets done.

But I don't think we can decide how until we see what is produced. But I agree with you, counselor, that you have the right to challenge evidence that comes into the record.

Anything else before we close today?

MR. GLASSER: Your Honor, is it your practice to move the admission of exhibits before the close of the day's hearing?

JUDGE STOCKHOLM: Yes, sir.

MR. KLUCSIK: Before we do that, it was my impression that you were going to provide an opportunity for follow up to earlier questions that you had asked after Mr. Singer was done with his cross-examination, and I don't want to miss that opportunity.

JUDGE STOCKHOLM: That's true, but I thought I offered that. I did not offer that? I should have offered that before I went to redirect. I thought I did.

MR. KLUCSIK: If you did I missed it, Your Honor. I apologize for that lapse.

MR. SALTARELLI: Your Honor, in all sincerity I would object to that. I think there was quite a bit of back and forth and ample opportunity, everyone jumping in whenever your Honor posed a question or two to ask a follow up question.

JUDGE STOCKHOLM: None of them liked the way I phrased it, I guess.

MR. SALTARELLI: It was quite clear, at least to us, your Honor, that the last proponent of

cross-examination would be NYRI, and those questions went and it is now concluded, and I would object to further questions to these witnesses who have been here since 9:30 this morning.

JUDGE STOCKHOLM: Given the time, I am going to sustain the objection.

MR. KLUCSIK: Thank you, Your Honor.

JUDGE STOCKHOLM: Anything else before I get to the exhibits?

MR. BLOW: Your Honor, just my suggestion.

Do you want to --

JUDGE STOCKHOLM: No. Let's deal with that tomorrow. We will skip that for the time being. It's already 6:30.

We have marked for identification today exhibits 269 through 294. I believe there are three exhibits for which there is no foundation and therefore I will assume are not moved into evidence at this time.

Exhibit 283, which is the Quimby Schrom-1 exhibit that was premarked, expecting that we would get to that panel today, which we did not. Exhibits 285 and 286 are interrogatories from staff and LIPA with regard to the issue of the motion to strike testimony.

And, again, those exhibits have not been

identified yet by a NYRI panel or a NYRI witness. And so I am not going to move those into evidence today.

With the exception of those three exhibits, are there any objections to moving those exhibits into evidence today? Hearing none, 269 through 294, less 283, 285 and 286, are entered into the record.

MR. BLOW: Your Honor, just an administrative matter. Mr. Singer pointed out an inadvertent failure on staff's part.

When we provided exhibit 285 we did not include several attachments, and that was an oversight, and we will get the attachments so that you can have a full picture of the full exhibit and just substitute the 285.

JUDGE STOCKHOLM: Yes. That's fine, Mr. Blow.

MR. SINGER: Your Honor, 286 suffers from the same infirmity.

JUDGE STOCKHOLM: That's an answer to LIPA's. Mr. Laniado decided to take an early day today I see.

Neither one of those have been entered into evidence, so, if they have to be challenged, added to, whatever, we will have to deal with it at the time.

Can I get a rough idea of cross-examination for the Quimby Schrom panel tomorrow?

Mr. Singer.

MR. SINGER: All I have is moving interrogatory responses that they provided into the record. I provided those to staff to see if we could stipulate to them.

JUDGE STOCKHOLM: Okay, fine.

Mr. Klucsik.

MR. KLUCSIK: Couple of questions max.

JUDGE STOCKHOLM: Yes, Ma'am.

MS. BARISH STRAUS: I reached my limit today. Thank you.

JUDGE STOCKHOLM: Okay, I am going to figure that there is very little for this next staff panel except for my questions, of course.

So, I think that we can begin at a reasonable hour tomorrow, or more reasonable hour, or let me just say the hour that Judge Phillips considers reasonable. That will be 9:30.

We are adjourned.

(Hearing adjourned.)

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