



December 7, 2005

VIA E-MAIL AND MAIL

Ms. Angela D. Graves
Deputy Secretary
Power Authority of the State of New York
123 Main Street
White Plains, NY 10601

Re: 2006 Revision to New York City Governmental Customers Production Rates

Dear Ms. Graves:

Attached are the comments of the Metropolitan Transportation Authority (MTA) to the New York Power Authority (NYPA) Preliminary Staff Report, including the 2006 Cost-of-Service (COS). These comments are being submitted jointly with the Port Authority of New York and New Jersey. The comments relating to fixed costs are submitted pursuant to the State Administrative Procedures Act in response to NYPA's proposed revisions to rates for SENY customers for rate year 2006 as published in the New York State Register dated October 26, 2005 under I.D. No. PAS-43-05-00002-P. We have also included comments that pertain to the variable costs as part of the joint Annual Planning and Pricing Process for setting new rates as contained in our Long Term Agreement with NYPA.

Over the past several months the MTA has worked collaboratively with NYPA and with SENY customers to analyze and review the proposed production rate increases for Rate Year 2006. This process has resulted in a number of agreed upon changes to the 2006 COS. However, we have identified several other costs that we believe should be adjusted.

This has been the first year of a new paradigm in setting rates and determining customer risk options, and we recognize that a great deal of has been accomplished. NYPA staff and the SENY customers have agreed that we will sit down in the near future to review this year's experience, and discuss ways to improve this process in the future.

Sincerely yours,

Jesse Samberg
Deputy Director Interagency Issues

Cc: Gary Lanigan
Sharon Lubitz
Douglas Johnson