

California Independent System Operator
1999 Proposed O&M Budget and 1998 O&M Budget
\$ in 000's

<i>1998 O&M Budget</i>			<i>HR/CEO:1100/1200</i>			<i>CFO: 1300</i>			<i>CIO: 1400</i>			<i>COO: 1500</i>			
			%			%			%			%			
1	Salaries and Benefits	\$ 4,311	47%	\$ 1,401	29%	\$ 4,367	9%	\$ 17,355	74%						
2	Building, Lease & Facility Costs	3,436	37%	-	0%	12	0%	-	0%						
3	Insurance	-	0%	550	11%	-	0%	-	0%						
4	Third Party Vendor Contracts	38	0%	-	0%	42,470	83%	772	3%						
5	Professional & Consulting Services	350	4%	311	6%	2,323	5%	2,315	10%						
6	Audit, Legal & Regulatory	-	0%	800	17%	-	0%	-	0%						
7	Training and Travel	291	3%	95	2%	425	1%	1,800	8%						
8	Miscellaneous	143	2%	1,403	29%	281	1%	557	2%						
9	Contingency	639	7%	228	5%	1,000	2%	615	3%						
Subtotal		\$ 9,208	100%	\$ 4,788	100%	\$ 50,878	100%	\$ 23,414	100%						
			8%				4%				47%				21%
<i>1999 O&M Budget</i>			<i>HR/CEO:1100/1200</i>			<i>CFO:1300</i>			<i>CIO: 1400</i>			<i>COO: 1500</i>			
			%			%			%			%			
1	Salaries and Benefits	\$ 2,490	33%	\$ 1,294	35%	\$ 4,845	9%	\$ 20,299	78%						
2	Building, Lease & Facility Costs	4,193	55%	-	0%	1,972	4%	-	0%						
3	Insurance	-	0%	768	20%	-	0%	-	0%						
4	Third Party Vendor Contracts	-	0%	-	0%	42,506	79%	1,588	6%						
5	Professional & Consulting Services	547	7%	325	9%	4,301	8%	2,415	9%						
6	Audit, Legal & Regulatory	-	0%	1,030	27%	-	0%	-	0%						
7	Training and Travel	200	3%	104	3%	314	1%	1,478	6%						
8	Miscellaneous	154	2%	228	6%	160	0%	258	1%						
9	Contingency	-	0%	-	0%	-	0%	-	0%						
10	FERC Fees	-	0%	-	0%	-	0%	-	0%						
Subtotal		\$ 7,584	100%	\$ 3,749	100%	\$ 54,098	100%	\$ 26,038	100%						
			7%				3%				48%				23%
Differences from 1998		\$ (1,624)	-18%	\$ (1,039)	-22%	\$ 3,220	6%	\$ 2,624	11%						

**California Independent System Operator
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\$ in 000's**

<i>1998 O&M Budget</i>		<i>General Counsel:1600</i>		<i>CS: 1700</i>		<i>Total</i>	
		<i>%</i>		<i>%</i>		<i>%</i>	
1	Salaries and Benefits	\$ 2,331	21%	\$ 6,692	68%	\$ 36,457	33%
2	Building, Lease & Facility Costs	-	0%	-	0%	3,448	3%
3	Insurance	-	0%	-	0%	550	1%
4	Third Party Vendor Contracts	-	0%	420	4%	43,700	40%
5	Professional & Consulting Services	1,000	9%	930	9%	7,229	7%
6	Audit, Legal & Regulatory	5,900	53%	-	0%	6,700	6%
7	Training and Travel	565	5%	1,074	11%	4,250	4%
8	Miscellaneous	872	8%	215	2%	3,471	3%
9	Contingency	533	5%	466	5%	3,481	3%
	Subtotal	\$ 11,201	100%	\$ 9,797	100%	\$ 109,286	100%
			10%		9%		100%
<i>1999 O&M Budget</i>		<i>General Counsel:1600</i>		<i>CS: 1700</i>		<i>Total</i>	
		<i>%</i>		<i>%</i>		<i>%</i>	
1	Salaries and Benefits	\$ 2,997	28%	\$ 6,487	59%	\$ 38,412	34%
2	Building, Lease & Facility Costs	-	0%	-	0%	6,165	5%
3	Insurance	-	0%	-	0%	768	1%
4	Third Party Vendor Contracts	-	0%	2,366	21%	46,460	41%
5	Professional & Consulting Services	850	8%	1,095	10%	9,533	8%
6	Audit, Legal & Regulatory	4,000	38%	-	0%	5,030	4%
7	Training and Travel	440	4%	919	8%	3,455	3%
8	Miscellaneous	749	7%	190	2%	1,739	2%
9	Contingency	-	0%	-	0%	-	0%
10	FERC Fees	1,500	14%	-	0%	1,500	1%
	Subtotal	\$ 10,536	100%	\$ 11,057	100%	\$ 113,062	100%
			9%		10%		100%
	Differences from 1998	\$ (665)	-6%	\$ 1,260	13%	\$ 3,776	3%

**California Independent System Operator
1999 Proposed O&M Budget and 1998 O&M Budget**

\$ in 000's

CEO/Human Resources

HR/CEO:1100/1200

	1998 O&M Budget		1998		1999		Change		Explanation	
				%		%	\$D	%Δ		
1	Salaries and Benefits	\$	4,311	47%	\$	2,490	33%	\$ (1,821)	-42%	Significant reduction due to lower relocation costs in 1999.
2	Building, Lease & Facility Costs		3,436	37%		4,193	55%	757	22%	P/Tax from CFO budget \$230K. Costs of new Folsom buildings included for 1999.
3	Insurance		-	0%		-	0%	-	NA	N/A
4	Third Party Vendor Contracts		38	0%		-	0%	(38)	-100%	N/A
5	Professional & Consulting Services		350	4%		547	7%	197	56%	Increase is due to security consulting for 1999, and inclusion of fees for CEO budget, previously budgeted elsewhere.
6	Audit, Legal & Regulatory		-	0%		-	0%	-	NA	N/A
7	Training and Travel		291	3%		200	3%	(91)	-31%	Reductions based on actual 1998 experience and cost reduction efforts for 1999.
8	Miscellaneous		143	2%		154	2%	11	7%	Minor change.
9	Contingency		639	7%		-	0%	(639)	-100%	Eliminated for 1999
10	FERC Fees						0%	-	0%	N/A
	Subtotal	\$	9,208	100%	\$	7,583	100%	\$ (1,624)	-18%	

**California Independent System Operator
1999 Proposed O&M Budget and 1998 O&M Budget**

\$ in 000's

Chief Financial Officer

CFO:1300

	1998		1999		Change		Explanation
	\$	%	\$	%	\$D	%Δ	
1 Salaries and Benefits	\$ 1,401	29%	\$ 1,294	35%	\$ (107)	-8%	Elimination of Internal Auditor from budgeted headcount.
2 Building, Lease & Facility Costs	-	0%	-	0%	-	NA	N/A
3 Insurance	550	11%	768	20%	218	40%	Increase in E&O coverage elected during 1998 \$218K
4 Third Party Vendor Contracts	-	0%	-	0%	-	NA	N/A
5 Professional & Consulting Services	311	6%	325	9%	14	5%	Minor change
6 Audit, Legal & Regulatory	800	17%	1,030	27%	230	29%	Increased cost of operational and SAS 70 audits \$230K
7 Training and Travel	95	2%	104	3%	9	9%	Minor change.
8 Miscellaneous	1,403	29%	228	6%	(1,176)	-84%	1998 personal property tax lower than budgeted (\$610K), and moved to H/R (\$230K); Market Line of Credit costs reduced (\$336K)
9 Contingency	228	5%	-	0%	(228)	-100%	Eliminated for 1999
10 FERC Fees			-	0%	-	0%	N/A
Subtotal	\$ 4,788	100%	\$ 3,749	100%	\$ (1,040)	-22%	

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\$ in 000's

Chief Information Officer

CIO: 1400

	1998		1999		Change		Explanation
		%		%	\$D	%Δ	
1 Salaries and Benefits	\$ 4,367	9%	\$ 4,845	9%	\$ 478	11%	Minor change reflecting actual salaries.
2 Building, Lease & Facility Costs	12	0%	1,972	4%	1,960	>100%	Phase II Comm. hardware leases; annualization of 1998 Equip leases; new 1999 equip leases; offsite tape storage.
3 Insurance	-	0%	-	0%	-	NA	N/A
4 Third Party Vendor Contracts	42,470	83%	42,506	79%	36	0%	Phase II comm. Circuit costs. Hardware maint and software maint for products acquired in 1998; offset by reductions in IBM & MCI costs.
5 Professional & Consulting Services	2,323	5%	4,301	8%	1,978	85%	Operating System admin; System mgmt; Data modeling; Finance & HR system support; Y2K planning & testing; Database admin; QA support; Info security certificate admin.
6 Audit, Legal & Regulatory	-	0%	-	0%	-	NA	N/A
7 Training and Travel	425	1%	314	1%	(111)	-26%	Reductions based on actual 1998 experience and cost reduction efforts for 1999.
8 Miscellaneous	281	1%	160	0%	(121)	-43%	Reductions based on actual 1998 experience and cost reduction efforts for 1999.
9 Contingency	1,000	2%	-	0%	(1,000)	-100%	Eliminated for 1999
10 FERC Fees				0%	-	0%	N/A
Subtotal	\$ 50,878	100%	\$ 54,098	100%	\$ 3,220	6%	

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Chief Operating Officer

COO: 1500

	1998		1999		Change		Explanation
	\$	%	\$	%	\$D	%Δ	
1 Salaries and Benefits	\$ 17,355	74%	\$ 20,299	78%	\$ 2,944	17%	Additional staff allocated to Ops .
2 Building, Lease & Facility Costs	-	0%	-	0%	-	NA	N/A
3 Insurance	-	0%	-	0%	-	NA	N/A
4 Third Party Vendor Contracts	772	3%	1,588	6%	816	>100%	Alliance maintenance contract: In 1998, was included in infrastructure budget. Must pay in operating budget for 1999. \$1.3 million.
5 Professional & Consulting Services	2,315	10%	2,415	9%	100	4%	Significant number of studies and consulting projects to be performed in Operations & Engineering.
6 Audit, Legal & Regulatory	-	0%	-	0%	-	NA	N/A
7 Training and Travel	1,800	8%	1,478	6%	(322)	-18%	Reductions based on actual 1998 experience and cost reduction efforts for 1999.
8 Miscellaneous	557	2%	258	1%	(299)	-54%	Reductions based on actual 1998 experience and cost reduction efforts for 1999.
9 Contingency	615	3%	-	0%	(615)	-100%	Eliminated for 1999
10 FERC Fees				0%	-	0%	N/A
Subtotal	\$ 23,414	100%	\$ 26,038	100%	\$ 2,624	11%	

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General Counsel

General Counsel:1600

	1998		1999		Change		Explanation
	\$	%	\$	%	\$D	%Δ	
1 Salaries and Benefits	\$ 2,331	21%	\$ 2,997	28%	\$ 666	29%	Additional staff for market surveillance, legal, and Board Liason.
2 Building, Lease & Facility Costs	-	0%	-	0%	-	NA	N/A
3 Insurance	-	0%	-	0%	-	NA	N/A
4 Third Party Vendor Contracts	-	0%	-	0%	-	NA	N/A
5 Professional & Consulting Services	1,000	9%	850	8%	(150)	-15%	Decrease due to cost saving efforts.
6 Audit, Legal & Regulatory	5,900	53%	4,000	38%	(1,900)	-32%	Reduction in legal fees due to cost saving efforts and eventual move from startup to steady state.
7 Training and Travel	565	5%	440	4%	(125)	-22%	Reductions based on actual 1998 experience and cost reduction efforts for 1999.
8 Miscellaneous	872	8%	749	7%	(123)	-14%	Cost reductions.
9 Contingency	533	5%	-	0%	(533)	-100%	Eliminated for 1999
10 FERC Fees			1,500	14%	1,500	0%	CAISO likely to be assessed FERC fees on market volume.
Subtotal	\$ 11,201	100%	\$ 10,536	100%	\$ (665)	-6%	

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VP Client Services

CS: 1700

	1998		1999		Change		Explanation
	\$	%	\$	%	\$D	%Δ	
1 Salaries and Benefits	\$ 6,692	68%	\$ 6,487	59%	\$ (205)	-3%	Existing personnel salaries lower due to transfer of 2 heads to Operations during 1998.
2 Building, Lease & Facility Costs	-	0%	-	0%	-	NA	N/A
3 Insurance	-	0%	-	0%	-	NA	N/A
4 Third Party Vendor Contracts	420	4%	2,366	21%	1,946	>100%	Significant contractor work in Settlements. Alliance maintenance contract on BBS: In 1998, was included in infrastructure budget. Must pay in operating budget for 1999: \$400K.
5 Professional & Consulting Services	930	9%	1,095	10%	165	18%	No significant change.
6 Audit, Legal & Regulatory	-	0%	-	0%	-	NA	N/A
7 Training and Travel	1,074	11%	919	8%	(155)	-14%	Reductions based on actual 1998 experience and cost reduction efforts for 1999.
8 Miscellaneous	215	2%	190	2%	(26)	-12%	Minor change.
9 Contingency	466	5%	-	0%	(466)	-100%	Eliminated for 1999
10 FERC Fees		0%		0%	-	0%	N/A
Subtotal	\$ 9,797	100%	\$11,057	100%	\$ 1,259	13%	