



2017 Budget and Grid Management Charge
Initial Stakeholder Meeting

ISO Folsom Facility
June 16, 2016
10:00a.m. – 12:00p.m.

Attendee Name	Organization	Attendee Name	Organization
Via Phone			
Greg Bell	PSE	Scott Peterson	Sierra Pacific Industries
Cori Bradley	PWRPA	Gabriela Ramirez	City of Riverside
Abigail Briggerman	Holland & Hart	Kara Seveland	Wyoming Public Service Commission
Don Brookhyser	Alcantar & Kahl	Dave Walker	WY Public Service Commission
Nicholas Burki	Anaheim Public Utilities	Dan Williams	Portland General Electric
Bob Caracristi	NCPA	S Williams	SDG&E
Bert Hansen	So Cal Edison	Doug Young	PacifiCorp
Don Jones	Copec	Meg McNaul	Thompson Coburn LLP (Six Cities)
Mike McGuffin	CES		
Matt R	SDGE		
Chetan Raina	Northstar SW		
Present			
Thomas Setliff	CAISO	Geoff Gong	CDWR
Jordan Pinjuv	CAISO	Roberta Ruozzi	
Vickie Merk	CAISO	Padmini Palwe	WAPA
Stephanie O'Guinn	CAISO	Sean Neal	MID & City of Santa Clara
Christina Billing	CAISO	David Cohen	Navigant
Jake Thai	CAISO	Todd Dinehart	PacifiCorp
Doreen Fender	CAISO		
Kim Perez	CAISO		
April Gordon	CAISO		

Ryan Seghesio	CAISO			
Janet Morris	CAISO			
Denise Walsh	CAISO			
Don Trethaway	CAISO			
Jan Cogdill	CAISO			
James Lynn	CAISO			

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Questions or comments about the GMC should be directed to: initiativecomments@caiso.com.

The following topics were covered:

- Budget Principles
- 2017 Budget Process & GMC Rate Outlook
- Managing Employee Compensation
- 2016-2017 Project Release Plans
- 2015 & 2016 Project Summaries
- 2015 & Q1 2016 Financial Summary
- 2017 Budget Calendar & Next Steps

#	Comment/Question/Suggestion	Stakeholder	ISO Respondent	ISO's Response
1.	How is the \$30M backup facility financed?	D. Cohen	R. Seghesio	It is being financed with capital reserves.
2.	Will the Alhambra lease budget amount be 8 of 12 months of prior year lease?	D. Cohen	R. Seghesio	The 8-months of lease expense due in 2017 will be accrued in 2016 per accounting rules as part of the Alhambra site decommissioning posting.
3.	Is the one year EIM training offsetting the revenue?	D. Cohen	J. Cogdill	The EIM Training project is not part of EIM implementation costs, it is being funded from the Capital and Project budget as a stand-alone project to create Computer Based Training (CBT) for EIM implementations for the future, based on lessons learned in the first EIM implementations.
4.	Where can I find the SB 350 scope?	D. Cohen	R. Seghesio	Visit the ISO website to get the latest information on the SB 350 studies.
5.	What are the estimated decommissioning costs for Alhambra?	S. Neal	R. Seghesio	The construction costs are projected to be immaterial; ranging from \$100K-200K.

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6.	Is the \$2M in regards to active SB 350 projects?	S. Neal	R. Seghesio	Yes, the \$1.996M is the committed amount through Q1 2016 on the SB 350 studies.
7.	Does the \$212M revenue requirement include cost for full regionalization?	S. Neal	R. Seghesio	No. In calculating the \$212M revenue requirement cap the ISO assumed general inflation until 2020 and only projected PacifiCorp to be included.
8.	Were relocation costs for Lincoln included in the budget?	D. Cohen	R. Seghesio	Yes, the \$30M budget includes the building, moving, and employee costs.
9.	Has finance contemplated a snowball effect of other Berkshire Hathaway entities joining?	D. Cohen	R. Seghesio	No, the \$5M projected increase in O&M is solely related to the integration of PacifiCorp into the ISO balancing authority area. We do not foresee the need to increase the O&M budget by \$5M for every new entity that joins thereafter.
10.	How does the ISO benchmark employees' base salaries?	D. Cohen	D. Fender	We benchmark using third party vendors and customer surveys for compensation amounts.
11.	What companies do you use to look at market data? What type of markets do you look at?	D. Cohen	D. Fender	We focus on energy and general industry market data. Each year we also participate in ISO/RTO and utility customized surveys.
12.	How are "stipends" determined; are there different levels of awards, i.e., for Executives? Are there weightings?	D. Cohen	D. Fender	Incentives are differentiated by employee levels. Goals have weightings.
13.	How does the Board review base salary? Are benefits included in the review? Is total cash compensation considered?	D. Cohen	D. Fender	The Board looks at total cash compensation.
14.	Are the Board approved goal metrics and scores released publicly?	D. Cohen	R. Seghesio	The metrics and scores are not released publicly.

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15.	Does the ISO include unions in cost analysis & surveys?	D. Jones	D. Fender	The ISO looks at general industries with union and non-union employees. The ISO does not have a unionized workforce.
16.	Does PacifiCorp actively participate in Stakeholder Initiatives?	D. Cohen	J. Morris	Yes. They are invited and do participate.
17.	Can you explain more on the EIM programs for Arizona Public Service and Puget Sound Energy?	D. Cohen	J. Morris	There are separate lifecycles of each EIM entity. This includes agreements, network models, metering, settlements, integration, and operational readiness.
18.	What is the cost impact of Aliso Canyon?	S. Neal	J. Morris	To date, Aliso Canyon capital expenditures are \$80K.
19.	Can you explain more on contingency modeling and SB 350 without RAS?	D. Cohen	D. Tretheway	<p>SB 350 is not related to the modeling of contingencies and remedial action schemes (RAS) in the day-ahead and real-time market.</p> <p>The purpose of the contingency modeling enhancements (CME) initiative is to ensure sufficient localized capacity is available within 30 minutes to protect against the loss of a transmission element of a critical transmission path. Visit the ISO website for more information.</p> <p>The purpose of the generator contingency and RAS modeling (GCARM) initiative is to ensure N-1 transmission security by modeling generation loss and providing basic remedial action scheme (“RAS”) modeling. The ISO intends to address stranded contingency reserve procurement by ensuring that contingency reserves are transmission feasible. Visit the ISO website for more information.</p>
20.	Is there an issue paper available regarding a CRR Clawback Rule Modification?	P. Palwe	J. Morris	Yes. The proposal, issue paper and board memo are available on the ISO website .
21.	Can you elaborate on the TAC program?	D. Cohen	D. Tretheway	This is a regional initiative. We need to determine if we need to make changes due to multi-state balancing authority area (BAA).

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22.	Is it possible to track the \$2M allocation for SB 350?	S. Neal	R. Seghesio	Yes, the information posted for this Stakeholder meeting stated the committed costs of the studies through Q1 2016 was \$1.996M of which nearly \$1.2M of this amount was spent.
23.	Why are we spending budget on the Alhambra video wall?	D. Cohen	J. Cogdill	The budget allocation is to cover any replacement parts necessary to fix the video wall while it is still active in Alhambra. As the wall will eventually be moved to Lincoln; the budget allocation will also cover replacement costs while it is in Lincoln. The cost for transporting the wall from Alhambra to Lincoln will be covered by the overall Lincoln building budget.
24.	What is the budget for projects?	G. Gong	J. Cogdill	The new project budget is \$18M-20M for 2017.
25.	Will there be a need for further EMS upgrades with regionalization?	D. Cohen	R. Seghesio	The current EMS replacement project underway is anticipated to address many needs including a larger BAA. Therefore, there will not be a need for additional EMS upgrades to integrate PacifiCorp.
26.	Why is there not more current financial data after Q1 2016?	D. Cohen	D. Walsh	We do not release data before we present it to the Board. The financials are shared with the Board on a quarterly basis.
27.	What is causing the budgeted operating expense increases in multiple months?	D. Cohen	A. Gordon	The May and October budgets include 3 payroll cycles instead of 2. December's budget includes cost accruals to be paid out in 2017.
28.	When is the next cost of service study?	D. Cohen	A. Gordon	The next tri-annual cost of service study will be conducted in 2017 with any rate changes impacting the 2018 GMC.
29.	Will there be a GMC Stakeholder initiative regarding regionalization?	S. Neal	R. Seghesio	The ISO is contemplating a GMC Stakeholder initiative later this year regarding regionalization.