



CALIFORNIA ISO

Review of Proposed 2006 Budget & Stakeholder Comments

**Finance Committee Meeting
October 18-19, 2005**

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Timeline

- August 31 – Preliminary Budget presented to Finance Committee
- September 8 – update Finance Committee
- September 12 – Stakeholder conference call
- September 15 – “Stakeholder Budget Day”
- October 18 – update Finance Committee, receive comments and further direction
- Mid-December – Committee and Board Approval
- December 15/16 – Informational filing with FERC



Budget Status

- Budget posted September 9 for public review
- Revenue Requirement and preliminary rates posted in first week of October
 - Mapping costs to GMC service categories
 - Operating Reserve update
 - Billing Determinants forecast
 - SWPL Line Operator Charge revenues

Budget Status (cont.)

- Revenue Requirement - \$180.5 million
 - Increased Operating Reserve credit (\$30.3 million vs. \$28.8 million in August)
 - Adjustment for SWPL Line Operator Charge vs. SWPL GMC
 - Reduction of \$27.7 million from 2005 Revenue Requirement



GMC Rates

- 2005 vs. expected 2006 (15 Charge Types)
 - 12 lower
 - Core Reliability Services
 - Energy Transmission Services – Net Energy
 - Forward Scheduling
 - Congestion Management
 - Market Usage
 - 2 unchanged
 - \$500 customer charge
 - \$75,000 MID fixed payment
 - 1 higher
 - Energy Transmission Services - Deviations



Stakeholder Comments

Stakeholder Concern	ISO Response
Compliments on direction of ISO spending, implementing 2004 GMC Settlement	Thanks
Post MRTU rate design	ISO intends to begin process late this year or early next.
MRTU expenditures	ISO will develop more detailed public documentation on MRTU budget. However, individual contract information is confidential. Expenditures are being tracked.
Tracking ISO labor costs	Timesheet/Project reporting may begin after upgrade of Oracle application.
Realignment process, Functional Assessment Review	Details of realignment discussed by division. ISO provided FAR to designated ISO GMC parties.
Mapping to GMC services	ISO will and did develop mapping to GMC services or equivalent consistent with Tariff.
Details about Budget	ISO responded to questions during meetings and in written notes afterwards and continues to response to inquiries.
Status of ISO/RTO benchmarking	ISO committed to benchmarking. ISO/RTO benchmarking project ongoing.



Next Steps

- Respond to written comments of CPUC
 - 2006 Budget Process and rates
 - MRTU and other capital expenditures
 - Benchmarking
 - FERC NOPR
- Finalize revenue requirement/GMC rates
 - Billing determinant forecast
 - Operating Reserve
- Present Budget to Committee and Board for approval
- File with FERC by mid-December