



CALIFORNIA ISO

California Independent
System Operator

For Use Only by Market
participants to Evaluate ISO
SAS 70 Process

SAS 70 Control Objectives and Participant Questions

Presentation to Market Participants
December 2, 2004
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Content

Summary of ISO Control Objectives for SAS 70

- Current draft of objectives subject to final review

Participant Concerns and Questions

- SAS 70 planned to be issued by mid December
- Follow-up meeting to be scheduled for next week



ISO Control Objectives for SAS 70

Scheduling and Bidding

1. Controls provide reasonable assurance that only certified SCs are authorized to participate in the ISO markets.
2. Controls provide reasonable assurance that schedules and bids transmitted by market participants are received by the ISO accurately and completely.

Metering

3. Controls provide reasonable assurance that ISO Meter Entities (ISO ME) meter data used in settlement calculations is processed accurately and completely.
4. Controls provide reasonable assurance that Settlement Quality Meter Data (SQMD) submitted by SCs are received accurately and completely for use in the settlements process.
5. Controls provide reasonable assurance that SQMD is completely and accurately transmitted between meter systems and the Settlement system.



ISO Control Objectives for SAS 70

Settlements and Invoicing

6. Controls provide reasonable assurance that preliminary and final settlement charges due to and due from market participants are accumulated completely and accurately in the preliminary and final settlement statements published for each trade day.
7. Controls provide reasonable assurance that preliminary and final monthly invoices accurately and completely reflect the amounts included on the preliminary and final settlement statements published for each trade day.

Monthly Cash Clearing

8. Controls provide reasonable assurance that GMC and Market payments received from market participants and the payments due to market participants are processed accurately and completely.



ISO Control Objectives for SAS 70

Monthly Cash Clearing (continued)

9. Controls provide reasonable assurance that TAC Refund payments received from market participants and the payments due to market participants are processed accurately and completely.
10. Controls provide reasonable assurance that FERC Fee payments received from SCs are processed accurately and completely.
11. Controls provide reasonable assurance that RMR payments received from SCs and the related payments due to SCs are processed accurately and completely.
12. Controls provide reasonable assurance that annual FTR auction payments received from SCs and the payments due to SCs are processed accurately and completely.



ISO Control Objectives for SAS 70

Ancillary Services

13. Controls provide reasonable assurance that the AS reserve charges and payments to SCs for providing capacity in the DA and HA markets are calculated accurately and completely.

Real Time Dispatch

14. Controls provide reasonable assurance that instructed energy settlements (including OOS) are calculated accurately and completely.
15. Controls provide reasonable assurance that imbalance energy (un-instructed deviations) settlements are calculated accurately and completely.

OOS/OOM

16. Controls provide reasonable assurance that OOS/OOM operating order settlements are calculated and applied accurately and completely.



ISO Control Objectives for SAS 70

Non Compliance

17. Controls provide reasonable assurance that non-compliance charges are accurate and complete.

FERC Fee

18. Controls provide reasonable assurance that FERC Fee charges are calculated accurately and completely.

TAC

19. Controls provide reasonable assurance that Transmission Access Charges (TAC) Rates are reviewed and approved.

TAC Refunds

20. Controls provide reasonable assurance that Transmission Access Charges (TAC) Refunds are calculated completely and accurately.



ISO Control Objectives for SAS 70

HVAC

21. Controls provide reasonable assurance that HVAC charges are calculated completely and accurately.

Wheeling

22. Controls provide reasonable assurance that Wheeling charges are calculated completely and accurately.

GMC

23. Controls provide reasonable assurance that monthly GMC charges are calculated and allocated accurately and correctly.

Start-up Fuel Cost

24. Controls provide reasonable assurance that charges and credits relating to start-up fuel costs are calculated accurately and completely.



ISO Control Objectives for SAS 70

Emission Fee Cost

25. Controls provide reasonable assurance that charges relating to emission fee costs are calculated accurately and completely.

MLCC

26. Controls provide reasonable assurance that monthly MLCC charges and credits are calculated and allocated accurately and completely.

Rounding Adjustment

27. Controls provide reasonable assurance that payments to or from SCs for rounding adjustments are calculated and allocated accurately and completely.

UFE

28. Controls provide reasonable assurance that UFE charges are allocated accurately and completely.



ISO Control Objectives for SAS 70

Long Term Voltage Support

29. Controls provide reasonable assurance that LTV Support credits and charges are allocated accurately and completely.

RMR

30. Controls provide reasonable assurance that RMR Dispatch Notices are accurately and completely recorded by the ISO.
31. Controls provide reasonable assurance that RMR unit owner invoices to PTOs are accurate and complete.
32. Controls provide reasonable assurance that ISO RMR invoices and payment vouchers are processed accurately and completely.

FTR

33. Controls provide reasonable assurance that FTR auction settlements are calculated completely and accurately.



ISO Control Objectives for SAS 70

Information Systems Controls

34. Controls are in place to provide reasonable assurance that the roles and responsibilities within the IS organization are appropriately segregated.
35. Controls are in place to provide reasonable assurance that the process of managing computer operations provides a reliable processing environment.
36. Controls are in place to provide reasonable assurance that the process of managing changes to the IS environment minimizes the likelihood of disruption, unauthorized alterations, and errors.
37. Controls are in place to provide reasonable assurance that the process of maintaining systems security minimizes the risk of the unauthorized use, disclosure or modification, damage, or loss of information.



ISO Control Objectives for SAS 70

Information Systems Controls (continued)

38. Controls are in place to provide reasonable assurance that the process of managing facilities provides for the physical protection of IS resources.
39. Controls are in place to provide reasonable assurance that significant application changes and new applications are developed, configured and implemented to determine completeness, accuracy and integrity of processing.



Participant Concerns and Questions

- SAS 70 planned to be issued by mid December
- How best to distribute?
- Update to Audit Committee tomorrow
- Follow-up meeting to be scheduled for next week
- Other questions?