



**2007 Annual Corporate Goals
Metrics Progress Report through Second Quarter (June 30, 2007)**

California ISO	2007 Metric			Status	Progress to Date / Comments
	Threshold	Target	Stretch		

I. Deliverables

A. Excellence in Grid and Market Operations (25%)

1) Meet all Western Electricity Coordinating Council Reliability Standards

i. Reliability Standard CPS-1 (Number of months achieving at least 100% score)	12	Same as Threshold	Same as Threshold		6 of 6 months achieving at least 100% score. (Range: 183% to 190%); Average-to-Date 188%
ii. Reliability Standard CPS-2 (Number of months achieving at least a 90% score)	12	Same as Threshold	Same as Threshold		6 of 6 months achieving at least 90% score. (Range: 95% to 97%) Average-to-Date 96.6%
iii. Reliability Standard DCS (Maximum number of violations)	2	1	0		0 violations through June 30, 2007. 87 Year-to-date disturbances. (3 disturbances inside the ISO.)
iv. Reliability Standard OTC (Maximum Number of violations)	2	1	0		1 violation through June 30, 2007 that occurred on March 20 on Path 15 (Midway-Los Banos). Thermal Limit, Over Limit = 144 MW; Duration = 274 minutes; Estimated Fine from WECC = \$4,800)
v. Operating Reserve Compliance (Number of violation declarations to WECC)	0	Same as Threshold	Same as Threshold		0 violations through June 30, 2007.
vi. Reliability Standard (Number of Emergency Declarations)	5	4	3		0 emergency declarations through June 30, 2007.
2) Reduce Reliability Management Costs	Total costs no more than \$50M above adjusted 2006 costs (estimated at \$375M)	Total costs no more than adjusted 2006 costs (estimated at \$325M)	Total costs no less than \$50M below adjusted 2006 costs (estimated at \$275M)		Preliminary indications suggest a downward trend and that total RMC for 2007 will reasonably track 2006 results. Adjusted 2006 costs will be revisited in July, 2007.

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B. Achieve Robust, Competitive Markets for Energy and Ancillary Services (20%)

<p>3) Market Redesign and Technology Upgrade (MRTU) Implemented on Schedule and within Budget</p>	<p align="center">Same as Target</p>	<p>All CAISO systems, business processes, and personnel ready for MRTU Go-Live for trade date Feb 1, 2008 within Budget (\$189,223M)</p>	<p>All CAISO systems, business processes, and personnel ready for MRTU Go-Live for trade date Feb 1, 2008 within Budget of \$182M (\$189,223M Budget Less Contingency)</p>	<p align="center"></p>	<p>Integrated Market Simulation (IMS) Release 1 successfully completed. IMS Release 2 in progress. In consultation with Market Participants Release 2 has been extended by at least one week (i.e., July 20 or later). IMS Release 3 will feature the real-time market, and currently delayed. MRTU stakeholder survey completed in May, 2007. The CAISO is re-evaluating the schedule based on Market Participant feedback. At this time, the February 1, 2008 Go Live date remains and rigorous monitoring on internal and external readiness is underway. On track to meet MRTU budget of \$189.223 Million, although impacts of recent FERC orders (April 20, May 8, and June 25) are still under review.</p>
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II. Enablers

A. Energy Infrastructure Development (20%)

4) Transmission Capacity Increase	50% of the transmission projects, approved by California ISO Board of Governors through 1st Quarter, 2007 receive regulatory approval by February 2008	100% of the transmission projects, approved by California ISO Board of Governors through 1st Quarter 2007 receive regulatory approval by February 2008	TARGET PLUS 800 MW Increase In transmission capacity by February 2008	TBD	Project status includes: Arizona Corporate Commission rejecting Palo Verde 2 and Sunrise Project entering Phase 1 CPUC Hearings on July 9. Potential capacity increases by February 2008 include the Southern California Import Transmission (SCIT) consisting of increase of 400 MW by New Miguel – Old Town 230 kV line, shunt capacitors at Miguel and Valley, and 100 MW of new peakers in SCE service territory providing necessary voltage support; and 1100 MW Vaca Dixon 500/230kV Transformer.
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B. People/Skills Development (10%)

5) Employee Skill Development: Percent of targeted population fulfilling skill gaps

<i>i. Skills for Operators for MRTU</i>	100%	Same as Threshold	Same as Threshold		On track for acquiring required new skills prior to MRTU deployment. Assessment on applying the new skills to be performed. To date 100% (67 of 67 real time operators) have completed MRTU Training (Levels 100, 200, 300) and role-based training is scheduled for Sept/Oct.
<i>ii. Advanced skills for Engineers to meet long-term corporate objectives</i>	25%	30%	35%		Assessment on applying advanced skills to be performed. To date 20% (9 of 45 engineers) have completed training with another class scheduled for Fall.
<i>iii. Advanced business/economic skills</i>	25%	30%	35%		Assessment on applying advanced skills to be performed. To date 28% (22 of 80 targeted individuals) are enrolled in the required training.

6) "Employer of Choice" Best Practices Assessment: (X%) of employees providing favorable rating (X% or more) in the areas of:

i. Communication	70%	75%	80%	TBD	Employee survey scheduled for distribution in mid 4th quarter, 2007. Currently engaged with Hay Group on updating survey to target additional components.
ii. Respect	70%	75%	80%		
iii. Job Satisfaction	70%	75%	80%		
iv. Career Management/Professional Development Opportunities	70%	Same as Threshold	75%		
v. Cross-Divisional Teamwork (i.e., communication, coordination, cooperation)	70%	Same as Threshold	75%		

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III. Satisfiers

Enhance Customer Service (10%)

<p>7) Timeliness of Issue Resolution</p>	<p>75% of the time, the 5 day goal for responding or referring inquiry is met. Within 5 business days, inquiries to Customer Services and Industry Affairs are either: 1) Answered and closed; <u>OR</u> 2) Referred via the corporate-wide tool to other departments for a response.</p>	<p>75% of the time, the 5-day goal for responding or setting expectation is met. (The organization receiving the referral will respond within 5 business days with either: 1) Information closing the issue; <u>OR</u> 2) An estimate of time necessary to provide information to close the issue.)</p>	<p>TARGET PLUS 75% of the time the expected resolution date is met.</p>		<p>As planned, work is underway to establish the process and technology to implement tracking mechanism in late August. Process work and documentation completed. Tracking reports will be finalized in July.</p>
<p>8) MRTU Readiness and Communication</p>	<p>4th Quarter customer survey documents that 70% of those surveyed agree that MRTU readiness/communications met their needs. (MRTU readiness communication efforts are assessed in 2nd Quarter customer survey. Related mitigation plans are successfully implemented and documented.)</p>	<p>4th Quarter customer survey documents that 80% of those surveyed agree that MRTU readiness/communications met their needs.</p>	<p>4th Quarter customer survey documents that 90% of those surveyed agree that MRTU readiness/communications met their needs</p>		<p>MRTU Stakeholder survey completed in May, 2007. Results reviewed and analyzed. Issue identification, mitigation plans and stakeholder communications strategy are under development.</p>
<p>9) Stakeholder Process</p>	<p>Same as Target</p>	<p>Management memorandums and presentations to the Board facilitate Board decision process by accurately representing and clearly articulating Stakeholder positions, including identifying any remaining controversy.</p>	<p>Same as Target</p>	<p>TBD</p>	<p>Clarified internal process for managing stakeholder engagements. Finalized key service level agreements supporting comprehensive stakeholder process with roles and responsibilities specified at each step. Agreement across the entire organization expected by year-end. Corporate Secretary working with the ISO officers to develop recommendation for how stakeholder issues are communicated in Board memos, including criteria for when to develop a matrix of stakeholder positions on Board decision items. Recommendations are scheduled to be presented to the Board in September.</p>

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Overall Objective : Financial Management (Weight = 15%)

<p>10) Establish GMC for the Coming Year Consistent with Corporate Goals</p>	<p align="center">Same as Target</p>	<p align="center">\$0.76</p>	<p align="center">\$0.72</p>	<p align="center"></p>	<p>2007 budget forecasting and 2008 budget planning processes underway. Expectations are that the GMC goal will be in line with the 5 Year Business Plan.</p>
<p>11) Actual Annual O&M Expenses Compared to Budgeted Amount (Score to be Prorated Based on Performance and or Savings)</p>	<p>\$146.3M while achieving at least 90% corporate score</p>	<p>\$143.8 M while achieving at least 90% corporate score</p>	<p>\$143.8M while achieving superior performance (>100%) or \$141.3M actual at least 90% performance overall</p>	<p align="center"></p>	<p>Slightly under budget through May, 2007. End of year budget forecasting process currently underway. Closely monitoring upward and downward pressures.</p>

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