

Memorandum

To: ISO Board of Governors
From: Deborah Le Vine, Director of Market Services
Jim Detmers, Vice President, Operations
Date: August 29, 2007
Re: ***2000-2001 FERC Refund Rerun Project Monthly Status Report***

This memorandum is a status report and does not require Board action.

EXECUTIVE SUMMARY

The CAISO has finished publishing settlement statements reflecting the refund rerun, and is currently in the midst of the financial adjustment phase, in which the ISO is making adjustments to its refund rerun settlement data to account for fuel cost allowance offsets, emissions offsets, cost-based recovery offsets, and interest on amounts unpaid and refunds. As of the date of this report, the ISO has finished processing activities associated with the emissions cost offsets, is actively working on offsets associated with fuel costs and cost-based recovery filings, and has distributed several interest calculations.

For the Fuel Cost Allowance offset, the data was revised to include an additional \$7.3 million from LADWP for sales of real-time energy made to the California Power Exchange (PX) and was circulated on July 16th with a comment period to end Friday, August 3rd. The comment period was originally scheduled to end July 23rd, but was extended two weeks at the request of the Cal Parties.

In the meantime, we've received a dispute from Bonneville Power Administration about receiving Fuel Cost Allowance allocations during hours in November and December when it had only energy exchange transactions. The dispute appears valid, however the question becomes whether the ISO will decline the dispute nevertheless because the issue could have been raised during earlier review processes. This issue is currently being considered.

For the Cost-Recovery Offset, it is directly related to the Fuel Cost Allowance issue. It appears that we can complete these after we finalize our Fuel Cost Allowance numbers and receive revised numbers from the PX.