California ISO
Your Link to Power

California Independent
System Operator Corporation

August 23, 2006

VIA FEDERAL EXPRESS

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: California Independent System Operator Corporation
Docket No. ER06-_____-000

Dear Secretary Salas:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, the California Independent System Operator Corporation ("CAISO") respectfully submits for filing with the Federal Energy Regulatory Commission ("Commission" or "FERC") an original and fourteen copies of an amendment to the CAISO Tariff regarding the Low Voltage Transmission Revenue Requirement ("LVTRR") for non-Load-serving ("NLS") Participating Transmission Owners ("PTOs").[1]

In addition, as required by Commission Order No. 676, *Standards for Business Practices and Communication Protocols for Public Utilities*, 115 FERC ¶ 61,102 (April 25, 2006), the CAISO submits an amendment to the CAISO Tariff in compliance with Order No. 676.

Two additional copies of this filing are enclosed. Please date-stamp them and return them in the self-addressed prepaid Federal Express envelope.

I. BACKGROUND FOR LVTRR AMENDMENT

The potential need for an ISO Tariff amendment regarding cost recovery of the LVTRR for Low Voltage Transmission Facilities of NLS PTOs was identified in the context of the Trans Bay Cable Project ("Project") to be developed by Trans Bay Cable LLC ("TBC").

[1] Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, Appendix A to the CAISO Tariff.

TBC's Project consists of a new, single, 59-mile high voltage direct current ("HVDC") transmission line running under San Francisco Bay, and associated substation facilities, extending between Pacific Gas and Electric Company's ("PG&E") Pittsburg Substation in the eastern portion of the San Francisco Bay Area and PG&E's Potrero Substation in San Francisco, including modifications at the substations to connect the line. Although its Project consists primarily of High Voltage Transmission Facilities, TBC has advised that a portion of its converter station facilities and its facilities connecting to PG&E's Potrero Substation will be 115 kV facilities, which are Low Voltage Transmission Facilities subject to LVTRR recovery pursuant to TBC's TO Tariff.

On June 14, 2006, the CAISO Governing Board ("Board") accepted TBC's application for status as a PTO subject to FERC acceptance of TBC's TO Tariff, which has currently been provided in draft by TBC and which will be filed with the Commission much nearer to the in-service date of the TBC Project – currently scheduled for early 2009. The Board was also informed of a potential need for an ISO Tariff amendment to clarify the recovery of LVTRR for a NLS PTO such as TBC. In addition, on August 11, 2006, the CAISO filed with the Commission in Docket No. ER06-1360-000 a set of proposed amendments to the Transmission Control Agreement ("TCA"), which amendments would, among other things, serve to add TBC as a PTO and party to the TCA conditional on notice subsequent to the Commission's acceptance of TBC's TO Tariff and upon the commercial operation date of the Project.

With regard to recovery by a PTO of its Transmission Revenue Requirement ("TRR"), the CAISO Tariff distinguishes between High Voltage Transmission Facilities (transmission facilities 200 kV and above) and Low Voltage Transmission Facilities (transmission facilities below 200 kV). Pursuant to Section 26.1 and Appendix F, Schedule 3 of the CAISO Tariff, the TRR for High Voltage Transmission Facilities is recovered through the CAISO's Transmission Access Charges, which are in the process of transitioning to a uniform "grid-wide" rate assessed to all Gross Load and Wheeling customers served by the ISO Controlled Grid. In contrast, Section 26.1 of the CAISO Tariff provides that a PTO's LVTRR is to be recovered through a Low Voltage Access Charge ("LVAC") assessed by the PTO through its individual TO Tariff and by the ISO for Scheduling Coordinators ("SCs") that schedule a Wheeling transaction at each Scheduling Point (Section 26.1.4).[2]

[2] To date, the CAISO on behalf of the PTOs charges SCs serving Load in a PTO Service Territory that are connected to a Low Voltage Transmission Facility a Low Voltage Wheeling Access Charge for the Scheduling Point where the SC serves the Load. Further detail can be found on the CAISO's website (www.caiso.com) under Wheeling Access Charge. The revenue associated with this assessment is credited against the PTO's LVTRR through the Transmission Revenue Balancing Account.

It is generally the current practice of PTOs with Low Voltage Transmission Facilities to establish a LVAC in their TO Tariffs, based on their LVTRRs and Gross Loads, that they assess to their End-Use Customers (through retail rates) and to the Utility Distribution Companies ("UDCs") and Metered Subsystem ("MSS") Operators of other PTOs that use their Low Voltage Transmission Facilities and that the CAISO collects from Wheeling customers taking service over their Low Voltage Transmission Facilities. The CAISO provides to the PTO a statement of the amount of Energy delivered to each UDC and MSS Operator serving Gross Load that uses the Low Voltage Transmission Facilities of that PTO on a monthly basis.

However, TBC will not have its own Gross Load by which to determine its LVAC and does not have End-Use Customers. In addition, there are likely to be no injection and take out points on the facilities of the NLS PTO (unless the facility interconnects with facilities that are not part of the CAISO Controlled Grid), which makes it difficult to determine who has used the facilities. Currently there is no provision in the CAISO Tariff that explicitly addresses determination and assessment of the LVAC in such circumstances. Consequently, a CAISO Tariff amendment is needed to provide specific provisions for NLS PTO LVTRR cost allocation.

The CAISO conducted a stakeholder process beginning in early July 2006 to determine the best approach to address this issue. The CAISO issued a white paper describing potential approaches to address this issue and held a meeting on July 7 and a conference call on July 13 with stakeholders to discuss these potential approaches. A consensus was reached in the conference call, and the CAISO issued a revised version of its white paper describing the consensus proposal. The CAISO received a number of written comments on its revised white paper, and issued a further revised version of the white paper before presenting the proposal to the Board for approval on August 3. No adverse comments were received on this final version of the white paper.

The consensus approach consists of the following:

1. The use of a NLS PTO's Low Voltage Transmission Facility can occur in one of two ways:

    a. Wheeling through the Low Voltage Transmission Facility, in which case the power leaves the CAISO Controlled Grid. This case is unambiguously defined in the CAISO Tariff. The CAISO will assess the NLS PTO's Low Voltage Wheeling Access Charge to the SC for the Wheeling customer.

   b. Using the NLS PTO's Low Voltage Transmission Facility to serve Load of a UDC or MSS Operator that is associated with a PTO.

2. To address Case 1b, the LVAC of the NLS PTO will be assessed according to the Gross Load of other PTOs (in their role as UDCs or MSS Operators) that are directly connected to the Low Voltage Transmission Facility of the NLS PTO. With this amendment to the CAISO Tariff, only the PTOs (in their role as UDCs and MSS Operators) with Load directly connected to the Low Voltage Transmission Facility of the NLS PTO will be assessed the LVAC of the NLS PTO in question through the CAISO's settlement system.

3. Once the PTOs for the recovery of the NLS PTOs' LVTRR are identified, these costs would be allocated to the applicable MSS Operator(s)/UDC(s) associated with each such PTO (if there are multiple PTOs identified pursuant to principle 2 above) based on the percentage of the Load of each MSS Operator(s)/UDC(s) associated with each identified unaffiliated PTO to the total Load of the MSS Operator(s)/UDC(s) associated with the identified PTOs.

4. Each PTO that is charged the LVAC of an NLS PTO shall include such payments, along with any revenues (e.g., proceeds from its own Low Voltage Wheeling Access Charges to Wheeling customers), in its LVAC Transmission Revenue Balancing Account ("TRBA") for the annual true up of its own LVTRR recovery. The NLS PTO with a LVTRR will also have a TRBA, and will include any over- or under-collection of its LVTRR in that account for annual true up.

On the basis of this consensus approach, the CAISO Board approved the development and filing of amendments to the CAISO Tariff to implement the consensus approach.

Subsequent to the Board's approval of the consensus approach, the CAISO issued proposed amendments to the CAISO Tariff for public comment and revised the proposed amendments three different times based on the comments received. In conjunction with this further stakeholder review, the CAISO held two conference calls with stakeholders on August 14 and 16 to discuss the proposed amendments. The proposed amendments included with the instant filing are the product of this additional stakeholder review process.

II. REVISIONS TO THE CAISO TARIFF FOR LVTRR RECOVERY

The proposed amendments to the CAISO Tariff attached as Attachments A and B to the instant filing implement the consensus approach to the recovery of its LVTRR by an NLS PTO through the following provisions.

Section 26.1 is amended to clarify the existing provision addressing the recovery of its LVTRR by a PTO from another PTO and to add the primary provisions constituting the consensus approach described above. These provisions (1) specify the means for the NLS PTO to recover its LVTRR through its LVAC, including collection of the LVAC by the CAISO or as may otherwise be agreed by the affected PTOs; (2) clarify that the LVTRR (and applicable LVAC) of an NLS PTO may need to be calculated on an individual facility or project basis in the event the NLS PTO has more than one Low Voltage Transmission Facility connected to different Load-serving PTOs; (3) specify that the NLS PTO must account for any over- or under-recovery of its LVTRR by means of an adjustment to its low voltage TRBA; and (4) specify the ability of a PTO charged the NLS PTO's LVAC to recover its costs associated with payment of that LVAC through an adjustment to its own low voltage TRBA.

A new defined term "Non-Load-Serving Participating TO" is added to Appendix A of the CAISO Tariff to simplify the numerous references throughout the proposed new tariff language to such entity. The definition for this term has been adapted from the existing provisions of Sections 6.1 and 10.1 of Schedule 3 of Appendix F, and those existing provisions are also modified to use this new defined term for the sake of consistency. In addition, the definitions of "Transmission Revenue Credit" and "TRBA" in Appendix A are amended to be consistent with the amendments to Section 26.1 to specify the ability of a PTO charged the NLS PTO's LVAC to recover its costs associated with payment of that LVAC through an adjustment to its own low voltage TRBA. Also, a typographical error is corrected in the listing of defined term "TRR" in Appendix A so that it reads "TRR" instead of "RR."

In addition to the incorporation of the new defined term "Non-Load-Serving Participating TO," the existing provisions of Schedule 3 of Appendix F of the CAISO Tariff are amended to incorporate some minor editorial clarifications and to make some minor revisions to provide consistency with the consensus approach. The revisions include the addition of a new subsection (iii) to Section 12.1(e) to specify the allocation of payments of an NLS PTO's LVAC as an adjustment to the low voltage TRBA of the PTO charged that LVAC.

In addition, a new Section 13 is added to Schedule 3 in which the provisions of Sections 6, 8, 9, and 10 of Schedule 3 detailing the specifics of the CAISO's administration of the High Voltage Access Charge have been adapted to apply to the LVAC of an NLS PTO, incorporating the principles of the consensus approach and expanding on the provisions of Section 26.1 of the CAISO Tariff. Also included with these new provisions is a provision in Section 13.2 to require an NLS PTO to update its LVAC when the Gross Load of a directly connected Load-serving PTO changes pursuant to a Commission order. This is consistent with the consensus approach of basing the calculation of the NLS PTO's LVAC on the Gross Load of the connected PTO(s). The CAISO anticipates that the NLS PTO would satisfy this requirement through the provisions of its TO Tariff.

III. REVISIONS TO THE CAISO TARIFF TO IMPLEMENT ORDER NO. 676

In Order No. 676, the Commission directed public utilities to adopt specified standards promulgated by the Wholesale Electric Quadrant ("WEQ") of the North American Energy Standards Board ("NAESB"). The Commission specified that a utility could comply with Order No. 676 by adding a provision to its Open Access Transmission Tariff ("OATT") incorporating these standards by reference and setting forth the language that must be used for this purpose. Order No. 676 at P 101. However, where a utility has requested a waiver of one or more standards, the Commission specified that the utility should not include a listing of the affected standard as incorporated in its OATT but should instead specify in its OATT those standards for which it has pending a request for waiver. *Id.* at P 102. The Commission also directed utilities to make this filing on or after July 1, 2006 as part of any filing of OATT revisions after that date. *Id.* at P 100.

To comply with these directives of Order No. 676, the CAISO proposes to incorporate the language specified by the Commission into a new Section 7.2.2.4 of the CAISO Tariff. New Section 7.2.2.4 includes (1) a listing of NAESB WEQ standards incorporated by reference into the CAISO Tariff; (2) a listing of the NAESB WEQ standards for which the CAISO filed a petition for renewal of waiver on June 1, 2006 in Docket No. ER06-1094-009; and (3) a listing of one NAESB WEQ standard for which the Western Electricity Coordinating Council ("WECC") filed a request for waiver on behalf of itself and Control Areas such as the CAISO on June 1, 2006 in Docket No. ER06-1094-001. The CAISO's petition for renewal of waiver and WECC's request for waiver are currently pending Commission action. This language is set forth in Attachments C and D to the instant filing. The instant filing is the CAISO's first filing of new amendments to the CAISO Tariff since the June 1, 2006 date after which filing of these amendments to comply with Order No. 676 became a mandatory part of any new tariff amendment filing.

IV. EFFECTIVE DATE

Pursuant to Section 35.3 of the Commission's regulations, 18 C.F.R. § 35.3, the CAISO requests that all of the changes to the CAISO Tariff proposed in Attachment B to the instant filing be made effective on October 23, 2006 (*i.e.*, the sixty days after submittal of the filing). Pursuant to the provisions of Order No. 676, the CAISO requests that the changes to the CAISO Tariff proposed in Attachment D to the instant filing be made effective as of July 1, 2006.

V. EXPENSES

No expense or cost associated with this filing has been alleged or judged in any judicial or administrative proceeding to be illegal, duplicative, unnecessary, or demonstratively the product of discriminatory employment practices.

VI. COMMUNICATIONS

The CAISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

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VII. SERVICE

Copies of this transmittal letter and all attachments have been served upon the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, and all parties with effective Scheduling Coordinator Agreements under the CAISO Tariff. In addition, this filing has been posted on the CAISO's website.

VIII. SUPPORTING DOCUMENTS

In addition to this transmittal letter, the instant filing contains the following attachments:

Attachment A	Black-lined text showing the changes to the CAISO Tariff to implement the LVTRR amendment;
Attachment B	Revised pages of the CAISO Tariff to implement the LVTRR amendment;
Attachment C	Black-lined text showing the changes to the CAISO Tariff to implement Order No. 676; and
Attachment D	Revised pages of the CAISO Tariff to implement Order No. 676.

Please contact the undersigned with any questions.

Respectfully submitted,

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ATTACHMENT A

BLACKLINED CAISO TARIFF PROVISIONS FOR LVTRR AMENDMENT

* * *

26 TRANSMISSION RATES AND CHARGES.

26.1 Access Charges.

All Market Participants withdrawing Energy from the ISO Controlled Grid shall pay Access Charges in accordance with this Section 26.1 and Appendix F, Schedule 3, except as provided in SPP 4.1. Prior to the transition date determined under Section 4 of Schedule 3 to Appendix F, the Access Charge for each Participating TO shall be determined in accordance with the principles set forth in this Section 26.1 and in Section 5 of the TO Tariff. The Access Charge shall comprise two components, which together shall be designed to recover each Participating TO's Transmission Revenue Requirement. The first component shall be the annual authorized revenue requirement associated with the transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO approved by FERC. The second component shall be based on the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through to the Participating TO's Transmission Revenue Credits calculated in accordance with Section 5 of the TO Tariff and other credits identified in Sections 6 and 8 of Schedule 3 in Appendix F of the ISO Tariff.

Commencing on the transition date determined under Section 4 of Schedule 3 to Appendix F, the Access Charges shall be paid by any UDC or MSS Operator that is serving Gross Load in a PTO Service Territory, and shall consist, where applicable, of a High Voltage Access Charge, a Transition Charge and a Low Voltage Access Charge. High Voltage Access Charges and Low Voltage Access Charges shall each comprise two components, which together shall be designed to recover each Participating TO's High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement, as applicable. The first component shall be based on the annual authorized Transmission Revenue Requirement associated with the high voltage or low voltage, as applicable, transmission facilities and Entitlements turned over to the ISO Operational Control by a Participating TO. The second component shall be the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through the Participating TO's Transmission Revenue Credits associated with the high voltage or low voltage, as applicable, transmission facilities and Entitlements and calculated in accordance with Section 5 of the TO Tariff and other credits identified in Sections 6, ~~and~~ 8, and 13 of Schedule 3 of Appendix F of the ISO Tariff. Each Participating TO shall provide in its TO Tariff filing with FERC an appendix to such filing that states the Participating TO's High Voltage Transmission Revenue Requirement, its Low Voltage Transmission Revenue Requirement (if applicable) and its Gross Load used in developing the rate. The allocation of each Participating TO's Transmission Revenue Requirement between the High Voltage Transmission Revenue Requirement and the Low Voltage Transmission Revenue Requirement shall be undertaken in accordance with Section 11 of Schedule 3 of Appendix F. To the extent necessary, each Participating TO shall make conforming changes to its TO Tariff.

The applicable High Voltage Access Charge and the Transition Charge shall be paid to the ISO by each UDC and MSS Operator based on its Gross Load connected to a High Voltage Transmission Facility in a PTO Service Territory, either directly or through intervening distribution facilities, but not through a Low Voltage Transmission Facility. The applicable High Voltage Access Charge, the Transition Charge and the Low Voltage Access Charge for the applicable Participating TO shall be paid by each UDC and MSS Operator based on its Gross Load in the PTO Service Territory. The applicable High Voltage Access Charge and Transition Charge shall be assessed by the ISO as a charge for transmission service under this ISO Tariff, shall be determined in accordance with Schedule 3 of Appendix F, and shall include all applicable components of the High Voltage Access Charge and Transition Charge set forth therein.

The Low Voltage Access Charge for each Participating TO is set forth in that Participating TO's TO Tariff. Each Participating TO shall charge for and collect the Low Voltage Access Charge, as provided in its TO Tariff, except that the ISO shall charge for and collect the Low Voltage Access Charge of each Non-Load-Serving Participating TO that qualifies under this Section 26.1 and Appendix F, Schedule 3, Section 13, unless otherwise agreed by the affected Participating TOs. If a Participating TO that is also a UDC, MSS Operator, or Scheduling Coordinator serving End-Use Customers is using the Low Voltage Transmission Facilities of another Participating TO, such Participating TO shall also be assessed the Low Voltage Access Charge of the other Participating TO by such other Participating TO, or by the ISO pursuant to Section 13 of Schedule 3 of Appendix F. The ISO shall provide to the applicable Participating TO a statement of the amount of Energy delivered to each UDC and MSS Operator serving Gross Load that utilizes the Low Voltage Transmission Facilities of that Participating TO on a monthly basis. If a UDC or MSS Operator that is serving Gross Load in a PTO Service Territory has Existing Rights to use another Participating TO's Low Voltage Transmission Facilities, such entity shall not be charged the Low Voltage Access Charge for delivery of Energy to Gross Load for deliveries using the Existing Rights. Each Participating TO shall recover Standby Transmission Revenues directly from the Standby Service Customers of that Participating TO through its applicable retail rates.

Where a Non-Load-Serving Participating TO has Low Voltage Transmission Facilities, the ISO shall assess the Low Voltage Access Charge for each project of that Non-Load-Serving Participating TO to the UDC or MSS Operator of each Participating TO that is directly connected to one or more Low Voltage Transmission Facilities of that project, unless otherwise agreed by the affected Participating TOs. The Non-Load-Serving Participating TO shall calculate separately its Low Voltage Transmission Revenue Requirement for each individual transmission project that includes one or more Low Voltage Transmission Facilities. If the Non-Load-Serving Participating TO's Low Voltage Transmission Facilities projects are directly connected to the facilities of the same Participating TO(s), the Low Voltage Access Charge shall be calculated for the group of Low Voltage Transmission Facilities. A separate Low Voltage Access Charge shall apply based on the Low Voltage Transmission Revenue Requirement for the relevant project or projects of such Non-Load-Serving Participating TO divided by the Gross Load of all UDCs or MSS Operators of a Participating TO that are directly connected to the relevant Low Voltage Transmission Facility or group of facilities.

A Non-Load-Serving Participating TO must include any over- or under-recovery of its annual Low Voltage Transmission Revenue Requirement for the relevant project or group of projects in its low voltage TRBA adjustment for its Low Voltage Access Charge for the relevant project or group of projects pursuant to Section 13.1 of Schedule 3 of Appendix F.

A Participating TO that is a UDC or MSS Operator to whom the Low Voltage Access Charge of a Non-Load-Serving Participating TO is assessed shall include these billed Low Voltage Access Charge amounts in its low voltage TRBA adjustment for its Low Voltage Access Charge, together with all other applicable low voltage TRBA adjustments.

* * *

APPENDIX A

Non-Load-Serving Participating TO	A Participating TO that (1) is not a UDC, MSS Operator or Scheduling Coordinator serving End-Use Customers and (2) does not have Gross Load in accordance with Section 9 of Schedule 3 of Appendix F.
	* * *
Transmission Revenue Credit	For an Original Participating TO, the proceeds received from the ISO for Wheeling service, FTR auction revenue and Usage Charges, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols, minus any Low Voltage Access Charge amounts paid for the use of the Low Voltage Transmission Facilities of a Non-Load-Serving Participating TO pursuant to Section 26.1 and Appendix F, Schedule 3, Section 13. For a New Participating TO during the 10-year transition period described in Section 4 of Schedule 3 of Appendix F, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols, minus any Low Voltage Access Charge amounts paid for the use of the Low Voltage Transmission Facilities of a Non-Load-Serving Participating TO pursuant to Section 26.1 and Appendix F, Schedule 3, Section 13. After the 10-year transition period, the New Participating TO Transmission Revenue Credit shall be calculated the same as the Transmission Revenue Credit for the Original Participating TO.
TRBA (Transmission Revenue Balancing Account)	A mechanism to be established by each Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Sections 6, ~~and~~ 8, and 13 of Appendix F, Schedule 3, flow through to transmission customers.
TRR (Transmission	The TRR is the total annual authorized revenue requirements

Revenue Requirement) associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights.

* * *

ISO TARIFF APPENDIX F
Schedule 3
~~High Voltage~~ Access Charge

1. Objectives and Definitions

1.1 Objectives

(a) The Access Charge will remain utility-specific until a New Participating TO executes the Transmission Control Agreement, at which time the Access Charge will change as discussed below.

(b) The Access Charge is the charge assessed for using the ISO Controlled Grid. It consists of three components, the High Voltage Access Charge (HVAC), the Transition Charge and the Low Voltage Access Charge (LVAC).

(c) The HVAC ultimately will be based on one ISO Grid-wide rate. Initially, the HVAC will be based on TAC Areas, which will transition 10% per year to the ISO Grid-wide rate. In the first year after the Transition Date described in Section 4.2 of this Schedule 3, the HVAC will be a blend based on 10% ISO Grid-wide and 90% TAC Area.

(d) New High Voltage Facility additions and capital additions to Existing High Voltage Facilities will be immediately included in the ISO Grid-wide component of the HVAC. The Transmission Revenue Requirement for New High Voltage Facilities will not be included in the calculation of the Transition Charge.

(e) The LVAC will remain utility-specific and will be determined by each Participating TO. The LVAC of Non-Load-Serving Participating TOs may also be project specific. Each Participating TO will charge for and collect the LVAC, subject to Section 26.1 of the ISO Tariff and Section 13 of this Schedule 3.

(f) The cost-shift associated with transitioning from utility-specific rates to one ISO Grid-wide rate will be mitigated in accordance with the ISO Tariff, including this schedule.

* * *

6. High Voltage Transmission Revenue Requirement.

6.1 The High Voltage Transmission Revenue Requirement of a Participating TO will be determined consistent with ISO procedures posted on the ISO Home Page and shall be the sum of:

(a) the Participating TO's High Voltage Transmission Revenue Requirement (including costs related to Existing Contracts associated with transmission by others and deducting transmission revenues actually expected to be received by the Participating TO related to transmission for others in accordance with Existing Contracts, less the sum of the Standby Transmission Revenues); and

(b) the annual high voltage TRBA adjustment, which shall be based on the principal balance in the high voltage TRBA as of September 30~~, which~~and shall be calculated as a dollar amount based on the projected Transmission Revenue Credits as adjusted for the true up of the prior year's difference between projected and actual credits. ~~For a~~ A Non-Load-Serving Participating TO ~~that is not a UDC, MSS or a Scheduling Coordinator serving End-Use Customers and that does not have Gross Load in its TO Tariff in accordance with Appendix F, Schedule 3, Section 9, the Participating TO~~ shall include any over- or under-recovery of its annual High Voltage Transmission Revenue Requirement in its high voltage TRBA. If the annual high voltage TRBA adjustment involves only a partial year of operations, the Non-Load-Serving Participating TO's over- or under-recovery shall be based on a partial year revenue requirement, calculated by multiplying the Non-Load-Serving Participating TO's High Voltage Transmission Revenue Requirement by the number of days the High Voltage Transmission Facilities were under the ISO's Operational Control divided by the number of days in the year.

* * *

10. Disbursement of High Voltage Access Charge and Transition Charge Revenues.

10.1 High Voltage Access Charge and Transition Charge revenues shall be calculated for disbursement to each Participating TO on a monthly basis as follows:

(a) the amount determined in accordance with Section 26.1.2 of the ISO Tariff ("Billed HVAC/TC");

(b)

(i) for a Participating TO that is a UDC or MSS Operator and has Gross Load in its TO Tariff in accordance with Appendix F, Schedule 3, Section 9, then calculate the amount each UDC or MSS Operator would have paid and the Participating TO would have received by multiplying the High Voltage Utility-Specific Rates for the Participating TO whose High Voltage Facilities served such UDC and MSS Operator times the actual Gross Load of such UDCs and MSS Operators ("Utility-specific HVAC"); or

(ii) for a Non-Load-Serving Participating TO ~~that is not a UDC or MSS Operator and that does not have Gross Load in its TO Tariff in accordance with Appendix F, Schedule 3, Section 9~~, then calculate the Non-Load-Serving Participating TO's portion of the total Billed HVAC/TC in subsection (a) based on the ratio of the Non-Load-Serving Participating TO's High Voltage Transmission Revenue Requirement to the sum of all Participating TOs' High Voltage Revenue Requirements.

(c) if the total Billed HVAC/TC in subsection (a) received by the ISO less the total dollar amounts calculated in Utility-specific HVAC in subsection (b)(i) and subsection (b)(ii) is different from zero, the ISO shall allocate the positive or negative difference among those Participating TOs that are subject to the calculations in subsection (b)(i) based on the ratio of each Participating TO's High Voltage Transmission Revenue Requirement to the sum of all of those Participating TOs' High Voltage Transmission Revenue Requirements that are subject to the calculations in subsection (b)(i). This monthly distribution amount is the "HVAC Revenue Adjustment";

(d) the sum of the HVAC revenue share determined in subsection (b) and the HVAC Revenue Adjustment in subsection (c) will be the monthly disbursement to the Participating TO.

*** * ***

12. Procedure for Division of Certain Costs Between the High and Low Voltage Transmission Access Charges.

12.1 <u>Division of Costs:</u>

(a) <u>Substations</u>
Costs for substations and substation equipment, including transformers:

(i) If the Participating TO has substation TRR information by facility and voltage, then the TRR for facilities and equipment at or above 200 kV should be allocated to the HVTRR and the TRR for facilities and equipment below 200 kV should be allocated to the LVTRR;

(ii) If the Participating TO has substation TRR information by facility but not by voltage, then the TRR for facilities and equipment should be allocated to the HVTRR and to the LVTRR based on the ratio of gross substation investment allocated to HVTRR to gross substation investment allocated to LVTRR pursuant to Section 12.1(a)(i); or

(iii) If the Participating TO does not have substation TRR information by facility or voltage, then the TRR for facilities and equipment should be allocated to the HVTRR and to the LVTRR based on the Participating TO's transmission system-wide gross plant ratio. The system-wide gross plant ratio is determined once the costs that can be split between High Voltage and Low Voltage for all facilities has been developed in accordance with Sections 12.1(a) through (c), then the resulting cost ratio between High Voltage and Low Voltage shall be used as the system-wide gross plant ratio.

(iv) Costs of transformers that step down from high voltage (200 kV or above) to low voltage, to the extent the Participating TO does not have the revenue requirement information available on a voltage basis, should be allocated consistent with the procedures for substations addressed above.

(b) <u>Transmission Towers and Land with Circuits on Multiple Voltages</u>
For transmission towers that have both High Voltage and Low Voltage facilities on the same tower, the cost of these assets should be allocated two-thirds to the HVTRR and one-third to the LVTRR. If the transmission tower has only High Voltage facilities, then the costs of these assets should be allocated entirely to the HVTRR. If the transmission tower has only Low Voltage facilities, then the TRR of these assets should be allocated entirely to the LVTRR. Provided that the Participating TO does not have land cost

information available on a voltage basis, in which case the costs should be allocated based on the bright-line of the voltage levels, the costs for land used for transmission rights-of-way for towers that have both High Voltage and Low Voltage wires should be allocated two-thirds to the HVTRR component and one-third to the LVTRR.

(c) Operation and Maintenance, Transmission Wages & Salaries, Taxes, Depreciation and Amortization, and Capital Costs
If the Participating TO can delineate costs for transmission operations and maintenance (O&M), transmission wages and salaries, taxes, depreciation and amortization, or capital costs on a voltage basis, the costs shall be applied on a bright-line voltage basis. If the costs for O&M, transmission wages and salaries, taxes, depreciation and amortization, or capital costs, are not available on voltage levels, the allocation to the HVTRR and the LVTRR should be based on the Participating TO's system-wide gross plant ratio defined in Section 12.1(a).

(d) Existing Transmission Contracts
If the take-out point for the Existing Contract is a High Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR of the Participating TO receiving such revenue. Similarly, the Participating TO that is paying charges under such an Existing Contract may include the costs in its HVTRR. If the take-out point for the Existing Contract is a Low Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR and the LVTRR of the receiving Participating TO based on the ratio of the Participating TO's HVTRR to its LVTRR, prior to any adjustments for such revenues. The Participating TO that is paying the charges under the Existing Contract will include the costs in its HVTRR and LVTRR in the same ratio as the revenues are recognized by the Participating TO receiving the payments.

(e) Division of the TRBAA between HVTRR and LVTRR

(i) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at High Voltage Scheduling Points or Take-Out Points shall be reflected as High Voltage components;

(ii) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at Low Voltage Scheduling Points or Take-Out Points shall be attributed between High Voltage and Low Voltage TRBAA components based on the High Voltage and Low Voltage Wheeling Access Charge rates assessed to such transactions by the ISO and/or the Participating TO;

(iii) Any Low Voltage Access Charge amounts paid pursuant to Section 26.1 of the ISO Tariff for the Low Voltage Transmission Facilities of a Non-Load-Serving Participating TO shall be reflected as a component of the low voltage TRBA adjustment associated with the Low Voltage Access Charge;

(iv~~ii~~) FTR revenues shall be assigned to High Voltage or Low Voltage components based on the voltage of the path related to the FTR;

(~~i~~v) Usage Charge revenues shall be allocated between High Voltage and Low Voltage components on a gross plant basis; and

(vi) Other Transmission Revenue Credits shall be allocated between High Voltage and Low Voltage components on a gross plant basis.

13. Low Voltage Access Charge for a Non-Load-Serving Participating TO. Pursuant to Section 26.1 of the ISO Tariff, the provisions of this Section 13 of this Schedule 3 shall apply to a Non-Load-Serving Participating TO that has Low Voltage Transmission Facilities.

13.1 Low Voltage Transmission Revenue Requirement. The Low Voltage Transmission Revenue Requirement of a Non-Load-Serving Participating TO shall be calculated separately for each individual project that includes one or more Low Voltage Transmission Facilities or shall be calculated for a group of Low Voltage Transmission Facilities if all are part of projects directly connected to the facilities of the same Participating TO(s). The Low Voltage Transmission Revenue Requirement will be determined consistent with ISO procedures posted on the ISO Home Page and shall be the sum of:

(a) the Non-Load-Serving Participating TO's Low Voltage Transmission Revenue Requirement for the relevant Low Voltage Transmission Facility or group of facilities; and

(b) the annual low voltage TRBA adjustment for the relevant Low Voltage Transmission Facility or group of facilities, which shall be based on the principal balance in the low voltage TRBA as of September 30 and shall be calculated as a dollar amount based on the projected Transmission Revenue Credits as adjusted for the true up of the prior year's difference between projected and actual credits. In accordance with Section 26.1 of the ISO Tariff, the Non-Load-Serving Participating TO shall include any over- or under-recovery of its annual Low Voltage Transmission Revenue Requirement in its low voltage TRBA. If the annual low voltage TRBA adjustment involves only a partial year of operations, the Non-Load-Serving Participating TO's over- or under-recovery shall be based on a partial year revenue requirement, calculated by multiplying the Non-Load-Serving Participating TO's Low Voltage Transmission Revenue Requirement by the number of days the Low Voltage Transmission Facilities were under the ISO's Operational Control divided by the number of days in the year.

13.2 Updates to Low Voltage Access Charges. Unless otherwise agreed by the affected Participating TOs, a Non-Load-Serving Participating TO shall adjust its Low Voltage Access Charges and Low Voltage Wheeling Access Charges (1) when necessary to reflect any new transmission addition directly connecting a Participating TO to the Low Voltage Transmission Facilities of the Non-Load-Serving Participating TO; (2) on the date FERC makes effective a change to the Low Voltage Transmission Revenue Requirement of the Non-Load-Serving Participating TO; and (3) on the date FERC makes effective a change to Gross Load of a Participating TO directly connected to the Non-Load-Serving Participating TO. Using the Low Voltage Transmission Revenue Requirement accepted or authorized by FERC, consistent with Section 9 of this Schedule 3, for the Non-Load-Serving Participating TO, the ISO will recalculate on a monthly basis the Low Voltage Access Charge applicable during such period. Revisions to the low voltage TRBA adjustment shall be made effective annually on January 1 based on the principal balance in the low voltage TRBA as of September 30 of the prior year and a forecast of Transmission Revenue Credits for the next year.

For service provided by a Non-Load-Serving Participating TO following the Transition Date, any refund associated with a Non-Load-Serving Participating TO's Transmission Revenue Requirement that has been accepted by FERC, subject to refund, shall be provided as ordered by FERC. Such refund shall be invoiced separately from the Market Invoice.

If the Non-Load-Serving Participating TO withdraws one or more of its transmission facilities from the ISO Operational Control in accordance with Section 3.4 of the Transmission Control Agreement, then the ISO will no longer collect the TRR for that transmission facility through the ISO's Access Charge effective upon the date the transmission facility is no longer under the Operational Control of the ISO. The withdrawing Non-Load-Serving Participating TO shall be obligated to provide the ISO will all necessary information to implement the withdrawal of the Participating TO's transmission facilities and to make any necessary filings at FERC to revise its TRR. The ISO shall revise its transmission Access Charge to reflect the withdrawal of one or more transmission facilities from ISO Operational Control.

13.3 Approval of Updated Low Voltage Transmission Revenue Requirement. A Non-Load-Serving Participating TO will make the appropriate filings at FERC to establish its Transmission Revenue Requirement for its Low Voltage Access Charge, and to obtain approval of any changes thereto. All such filings with the FERC will include a separate appendix that states the LVTRR and other information required by the FERC to support the Low Voltage Access Charge. The Non-Load-Serving Participating TO will provide a copy of its filing to the ISO and the other Participating TOs in accordance with the notice provisions in the Transmission Control Agreement.

Federal power marketing agencies whose transmission facilities are under ISO Operational Control shall develop their Low Voltage Transmission Revenue Requirements pursuant to applicable federal laws and regulations, including filing with FERC. All such filings with FERC will include a separate appendix that states the LVTRR and other information required by the FERC to support the Access Charges. The procedures for public participation in a federal power marketing agency's ratemaking process shall be posted on the federal power marketing agency's website. The federal power marketing agency shall also post on the website the Federal Register Notices and FERC orders for rate making processes that impact the federal power marketing agency's Low Voltage Transmission Revenue Requirement. The Non-Load-Serving Participating TO will provide a copy of its filing to the ISO and the other Participating TOs in accordance with the notice provisions in the Transmission Control Agreement.

13.4 Disbursement of Low Voltage Access Charge Revenues. Unless otherwise agreed by the affected Participating TOs, Low Voltage Access Charge revenues of a Non-Load-Serving Participating TO shall be calculated for disbursement to that Non-Load-Serving Participating TO on a monthly basis as the sum of Low Voltage Access Charges billed by the ISO to the UDCs or MSS Operators of Participating TOs pursuant to Section 26.1 of the ISO Tariff.

13.5 Payment of Low Voltage Access Charge. Notwithstanding the separate accounting for the Low Voltage Access Charge specified in Section 26.1 of ISO Tariff and this Section 13 of this Schedule 3, if the same entity is both a Participating TO and a UDC or MSS Operator, then the monthly High Voltage Access Charge and Transition Charge amount, and any Low Voltage Access Charge amount pursuant to this Section 13 of this Schedule 3, billed by the ISO will be the charges payable by the UDC or MSS Operator in accordance with Sections 26.1.2 and 26.1 of the ISO Tariff less the disbursement determined in accordance with Section 10.1(d) of this Schedule 3. If this difference is negative, that amount will be paid by the ISO to the Participating TO.

* * *

ATTACHMENT B

CAISO TARIFF PROVISIONS FOR LVTRR AMENDMENT

CLEAN SHEETS

determined in accordance with the principles set forth in this Section 26.1 and in Section 5 of the TO Tariff. The Access Charge shall comprise two components, which together shall be designed to recover each Participating TO's Transmission Revenue Requirement. The first component shall be the annual authorized revenue requirement associated with the transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO approved by FERC. The second component shall be based on the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through to the Participating TO's Transmission Revenue Credits calculated in accordance with Section 5 of the TO Tariff and other credits identified in Sections 6 and 8 of Schedule 3 in Appendix F of the ISO Tariff.

Commencing on the transition date determined under Section 4 of Schedule 3 to Appendix F, the Access Charges shall be paid by any UDC or MSS Operator that is serving Gross Load in a PTO Service Territory, and shall consist, where applicable, of a High Voltage Access Charge, a Transition Charge and a Low Voltage Access Charge. High Voltage Access Charges and Low Voltage Access Charges shall each comprise two components, which together shall be designed to recover each Participating TO's High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement, as applicable. The first component shall be based on the annual authorized Transmission Revenue Requirement associated with the high voltage or low voltage, as applicable, transmission facilities and Entitlements turned over to the ISO Operational Control by a Participating TO. The second component shall be the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through the Participating TO's Transmission Revenue Credits associated with the high voltage or low voltage, as applicable, transmission facilities and Entitlements and calculated in accordance with Section 5 of the TO Tariff and other credits identified in Sections 6, 8, and 13 of Schedule 3 of Appendix F of the ISO Tariff. Each Participating TO shall provide in its TO Tariff filing with FERC an appendix to such filing that states the Participating TO's High Voltage Transmission Revenue Requirement, its Low Voltage Transmission Revenue Requirement (if applicable) and its Gross Load used in developing the rate. The allocation of each Participating TO's Transmission Revenue Requirement between the High Voltage Transmission Revenue Requirement and the Low Voltage Transmission Revenue Requirement shall be undertaken in accordance with Section 11 of Schedule 3 of Appendix F. To the extent necessary, each Participating TO shall make conforming changes to its TO Tariff.

The applicable High Voltage Access Charge and the Transition Charge shall be paid to the ISO by each UDC and MSS Operator based on its Gross Load connected to a High Voltage Transmission Facility in a PTO Service Territory, either directly or through intervening distribution facilities, but not through a Low Voltage Transmission Facility. The applicable High Voltage Access Charge, the Transition Charge and the Low Voltage Access Charge for the applicable Participating TO shall be paid by each UDC and MSS Operator based on its Gross Load in the PTO Service Territory. The applicable High Voltage Access Charge and Transition Charge shall be assessed by the ISO as a charge for transmission service under this ISO Tariff, shall be determined in accordance with Schedule 3 of Appendix F, and shall include all applicable components of the High Voltage Access Charge and Transition Charge set forth therein.

The Low Voltage Access Charge for each Participating TO is set forth in that Participating TO's TO Tariff. Each Participating TO shall charge for and collect the Low Voltage Access Charge, as provided in its TO Tariff, except that the ISO shall charge for and collect the Low Voltage Access Charge of each Non-Load-Serving Participating TO that qualifies under this Section 26.1 and Appendix F, Schedule 3, Section 13, unless otherwise agreed by the affected Participating TOs. If a Participating TO that is also a UDC, MSS Operator, or Scheduling Coordinator serving End-Use Customers is using the Low Voltage Transmission Facilities of another Participating TO, such Participating TO shall also be assessed the Low Voltage Access Charge of the other Participating TO by such other Participating TO, or by the ISO pursuant to Section 13 of Schedule 3 of Appendix F. The ISO shall provide to the applicable Participating TO a statement of the amount of Energy delivered to each UDC and MSS Operator serving Gross Load that utilizes the Low Voltage Transmission Facilities of that Participating TO on a monthly basis. If a UDC or MSS Operator that is serving Gross Load in a PTO Service Territory has Existing Rights to use another Participating TO’s Low Voltage Transmission Facilities, such entity shall not be charged the Low Voltage Access Charge for delivery of Energy to Gross Load for deliveries using the Existing Rights. Each Participating TO shall recover Standby Transmission Revenues directly from the Standby Service Customers of that Participating TO through its applicable retail rates.

Where a Non-Load-Serving Participating TO has Low Voltage Transmission Facilities, the ISO shall assess the Low Voltage Access Charge for each project of that Non-Load-Serving Participating TO to the UDC or MSS Operator of each Participating TO that is directly connected to one or more Low Voltage Transmission Facilities of that project, unless otherwise agreed by the affected Participating TOs. The Non-Load-Serving Participating TO shall calculate separately its Low Voltage Transmission Revenue Requirement for each individual transmission project that includes one or more Low Voltage Transmission Facilities. If the Non-Load-Serving Participating TO's Low Voltage Transmission Facilities projects are directly connected to the facilities of the same Participating TO(s), the Low Voltage Access Charge shall be calculated for the group of Low Voltage Transmission Facilities. A separate Low Voltage Access Charge shall apply based on the Low Voltage Transmission Revenue Requirement for the relevant project or projects of such Non-Load-Serving Participating TO divided by the Gross Load of all UDCs or MSS Operators of a Participating TO that are directly connected to the relevant Low Voltage Transmission Facility or group of facilities.

A Non-Load-Serving Participating TO must include any over- or under-recovery of its annual Low Voltage Transmission Revenue Requirement for the relevant project or group of projects in its low voltage TRBA adjustment for its Low Voltage Access Charge for the relevant project or group of projects pursuant to Section 13.1 of Schedule 3 of Appendix F.

A Participating TO that is a UDC or MSS Operator to whom the Low Voltage Access Charge of a Non-Load-Serving Participating TO is assessed shall include these billed Low Voltage Access Charge amounts in its low voltage TRBA adjustment for its Low Voltage Access Charge, together with all other applicable low voltage TRBA adjustments.

26.1.1 Publicly Owned Electric Utilities Access Charge.

Local Publicly Owned Electric Utilities whose transmission facilities are under ISO Operational Control shall file with the FERC their proposed High Voltage Transmission Revenue Requirements, and any proposed changes thereto, under procedures determined by the FERC to be applicable to such filings and shall give notice to the ISO and to all Scheduling Coordinators of any such filing. A prospective New

	Controlled Grid required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the ISO Controlled Grid. Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.
New High Voltage Facility	A High Voltage Transmission Facility of a Participating TO that is placed in service after the beginning of the transition period described in Section 4 of Schedule 3 of Appendix F, or a capital addition made and placed in service after the beginning of the transition period described in Section 4.2 of Schedule 3 of Appendix F to an Existing High Voltage Facility.
New Participating TO	A Participating TO that is not an Original Participating TO.
Nomogram	A set of operating or scheduling rules which are used to ensure that simultaneous operating limits are respected, in order to meet NERC and WECC operating criteria.
Non-Load-Serving Participating TO	A Participating TO that (1) is not a UDC, MSS Operator or Scheduling Coordinator serving End-Use Customers and (2) does not have Gross Load in accordance with Section 9 of Schedule 3 of Appendix F.
Non-Participating Generator	A Generator that is not a Participating Generator.
Non-Participating TO	A TO that is not a party to the TCA or for the purposes of Sections 16.1 and 16.2 of the ISO Tariff the holder of transmission service rights under an Existing Contract that is not a Participating TO.
Non-Spinning Reserve	The portion of off-line generating capacity that is capable of being synchronized and Ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.
NRC	The Nuclear Regulatory Commission or its successor.
NRC (Standards)	The reliability standards published by the NRC from time to time.
Operating Procedures	Procedures governing the operation of the ISO Controlled Grid as the ISO may from time to time develop, and/or procedures that Participating TOs currently employ which the ISO adopts for use.

On-Site Self-Supply	Energy from a Generating Unit that is deemed to have self-supplied all or a portion of its associated Station Power load without use of the ISO Controlled Grid during the Netting Period.
Operating Reserve	The combination of Spinning and Non-Spinning Reserve required to meet WECC and NERC requirements for reliable

Transmission Ownership Rights	A non-Participating TO ownership or joint ownership right to transmission facilities within the ISO Control Area that has not executed the Transmission Control Agreement and the transmission facilities are not incorporated into the ISO Controlled Grid.
Transmission Revenue Credit	For an Original Participating TO, the proceeds received from the ISO for Wheeling service, FTR auction revenue and Usage Charges, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols, minus any Low Voltage Access Charge amounts paid for the use of the Low Voltage Transmission Facilities of a Non-Load-Serving Participating TO pursuant to Section 26.1 and Appendix F, Schedule 3, Section 13. For a New Participating TO during the 10-year transition period described in Section 4 of Schedule 3 of Appendix F, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols, minus any Low Voltage Access Charge amounts paid for the use of the Low Voltage Transmission Facilities of a Non-Load-Serving Participating TO pursuant to Section 26.1 and Appendix F, Schedule 3, Section 13. After the 10-year transition period, the New Participating TO Transmission Revenue Credit shall be calculated the same as the Transmission Revenue Credit for the Original Participating TO.
TRBA (Transmission Revenue Balancing Account)	A mechanism to be established by each Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Sections 6, 8, and 13 of Appendix F, Schedule 3, flow through to transmission customers.

TRR (Transmission Revenue Requirement)	The TRR is the total annual authorized revenue requirements associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights.
Trial Operation	The period during which Interconnection Customer is engaged in on-

ISO TARIFF APPENDIX F
Schedule 3
Access Charge

1. Objectives and Definitions

1.1 Objectives

(a) The Access Charge will remain utility-specific until a New Participating TO executes the Transmission Control Agreement, at which time the Access Charge will change as discussed below.

(b) The Access Charge is the charge assessed for using the ISO Controlled Grid. It consists of three components, the High Voltage Access Charge (HVAC), the Transition Charge and the Low Voltage Access Charge (LVAC).

(c) The HVAC ultimately will be based on one ISO Grid-wide rate. Initially, the HVAC will be based on TAC Areas, which will transition 10% per year to the ISO Grid-wide rate. In the first year after the Transition Date described in Section 4.2 of this Schedule 3, the HVAC will be a blend based on 10% ISO Grid-wide and 90% TAC Area.

(d) New High Voltage Facility additions and capital additions to Existing High Voltage Facilities will be immediately included in the ISO Grid-wide component of the HVAC. The Transmission Revenue Requirement for New High Voltage Facilities will not be included in the calculation of the Transition Charge.

(e) The LVAC will remain utility-specific and will be determined by each Participating TO. The LVAC of Non-Load-Serving Participating TOs may also be project specific. Each Participating TO will charge for and collect the LVAC, subject to Section 26.1 of the ISO Tariff and Section 13 of this Schedule 3.

(f) The cost-shift associated with transitioning from utility-specific rates to one ISO Grid-wide rate will be mitigated in accordance with the ISO Tariff, including this schedule.

1.2 Definitions

(a) Master Definition Supplement

Unless the context otherwise requires, any word or expression defined in the Master Definition Supplement shall have the same meaning where used in this Schedule 3.

(b) Special Definitions for this Appendix

When used in this Schedule 3 with initial capitalization, the following terms shall have the meanings specified below.

"High Voltage Utility-Specific Rate" means a Participating TO's High Voltage Transmission Revenue Requirement divided by such Participating TO's forecasted Gross Load.

"TAC Benefit" means the amount, if any, for each year by which the cost of Existing High Voltage Transmission Facilities associated with deliveries of Energy to Gross Loads in the PTO Service Territory is reduced by the implementation of the High

(b) the annual high voltage TRBA adjustment, which shall be based on the principal balance in the high voltage TRBA as of September 30 and shall be calculated as a dollar amount based on the projected Transmission Revenue Credits as adjusted for the true up of the prior year's difference between projected and actual credits. A Non-Load-Serving Participating TO shall include any over- or under-recovery of its annual High Voltage Transmission Revenue Requirement in its high voltage TRBA. If the annual high voltage TRBA adjustment involves only a partial year of operations, the Non-Load-Serving Participating TO's over- or under-recovery shall be based on a partial year revenue requirement, calculated by multiplying the Non-Load-Serving Participating TO's High Voltage Transmission Revenue Requirement by the number of days the High Voltage Transmission Facilities were under the ISO's Operational Control divided by the number of days in the year.

7. Limitation

(a) During each year of the transition period described in this Schedule 3, the increase in the total payment responsibility applicable to Gross Loads in the PTO Service Territory of an Original Participating TO attributable to the total for the year of (i) the amount applicable for the Original Participating TO under Section 26.5 of the ISO Tariff; plus (ii) the amount applicable to the implementation of the High Voltage Access Charge shall not exceed the amount specified in paragraph (b) of this section. This limitation shall be calculated individually for each Original Participating TO, provided that, if the net effect of clauses (i) and (ii) of this paragraph is positive for one or more Original Participating TOs for any year, the combined net effect shall be allocated among all Original Participating TOs in proportion to the amounts specified in paragraph (b) of this section. This limitation shall be applied by the ISO’s calculation annually of amounts payable by New Participating TOs to Original Participating TOs such that the combined effect of clauses (i) and (ii) of this paragraph, and the payments received by each Original Participating TO shall not exceed the amounts specified in paragraph (b) of this section. The amount receivable by the Original Participating TO from the New Participating TOs to implement the limitation in paragraph (b) of this section, shall be credited through the Transition Charge established pursuant to Section 5.7 of this Schedule 3. Payment responsibility under this section, if any, shall be allocated among New Participating TOs in proportion to their TAC Benefits.

(b) The maximum annual amounts for Original Participating TO shall be as follows:

(i) For Pacific Gas and Electric Company and Southern California Edison Company, the maximum annual amount shall be thirty-two million dollars ($32,000,000.00) each; and

(ii) For San Diego Gas & Electric Company, the maximum annual amount shall be eight million dollars ($8,000,000.00).

8. Updates to High Voltage Access Charges.

8.1 High Voltage Access Charges and High Voltage Wheeling Access Charges shall be adjusted: (1) on January 1 and July 1 of each year when necessary to reflect the addition of any New Participating TO and (2) on the date FERC makes effective a change to the High Voltage Transmission Revenue Requirements of any Participating TO. Using the High Voltage filing to the ISO and the other Participating TOs in accordance with the notice provisions in the Transmission Control Agreement.

10. Disbursement of High Voltage Access Charge and Transition Charge Revenues.

10.1 High Voltage Access Charge and Transition Charge revenues shall be calculated for disbursement to each Participating TO on a monthly basis as follows:

(a) the amount determined in accordance with Section 26.1.2 of the ISO Tariff ("Billed

HVAC/TC");

(b)

(i) for a Participating TO that is a UDC or MSS Operator and has Gross Load in its TO Tariff in accordance with Appendix F, Schedule 3, Section 9, then calculate the amount each UDC or MSS Operator would have paid and the Participating TO would have received by multiplying the High Voltage Utility-Specific Rates for the Participating TO whose High Voltage Facilities served such UDC and MSS Operator times the actual Gross Load of such UDCs and MSS Operators ("Utility-specific HVAC"); or

(ii) for a Non-Load-Serving Participating TO, then calculate the Non-Load-Serving Participating TO's portion of the total Billed HVAC/TC in subsection (a) based on the ratio of the Non-Load-Serving Participating TO's High Voltage Transmission Revenue Requirement to the sum of all Participating TOs' High Voltage Revenue Requirements.

(c) if the total Billed HVAC/TC in subsection (a) received by the ISO less the total dollar amounts calculated in Utility-specific HVAC in subsection (b)(i) and subsection (b)(ii) is different from zero, the ISO shall allocate the positive or negative difference among those Participating TOs that are subject to the calculations in subsection (b)(i) based on the ratio of each Participating TO's High Voltage Transmission Revenue Requirement to the sum of all of those Participating TOs' High Voltage Transmission Revenue Requirements that are subject to the calculations in subsection (b)(i). This monthly distribution amount is the "HVAC Revenue Adjustment";

(d) the sum of the HVAC revenue share determined in subsection (b) and the HVAC Revenue Adjustment in subsection (c) will be the monthly disbursement to the Participating TO.

10.2 If the same entity is both a Participating TO and a UDC or MSS Operator, then the monthly High Voltage Access Charge and Transition Charge amount billed by the ISO will be the charges payable by the UDC or MSS Operator in accordance with Section 26.1.2 of the ISO Tariff less the disbursement determined in accordance with Section 10.1(d). If this difference is negative, that amount will be paid by the ISO to the Participating TO.

rights-of-way for towers that have both High Voltage and Low Voltage wires should be allocated two-thirds to the HVTRR component and one-third to the LVTRR.

(c) Operation and Maintenance, Transmission Wages & Salaries, Taxes, Depreciation and Amortization, and Capital Costs
If the Participating TO can delineate costs for transmission operations and maintenance (O&M), transmission wages and salaries, taxes, depreciation and amortization, or capital costs on a voltage basis, the costs shall be applied on a bright-line voltage basis. If the costs for O&M, transmission wages and salaries, taxes, depreciation and amortization, or capital costs, are not available on voltage levels, the allocation to the HVTRR and the LVTRR should be based on the Participating TO's system-wide gross plant ratio defined in Section 12.1(a).

(d) Existing Transmission Contracts
If the take-out point for the Existing Contract is a High Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR of the Participating TO receiving such revenue. Similarly, the Participating TO that is paying charges under such an Existing Contract may include the costs in its HVTRR. If the take-out point for the Existing Contract is a Low Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR and the LVTRR of the receiving Participating TO based on the ratio of the Participating TO's HVTRR to its LVTRR, prior to any adjustments for such revenues. The Participating TO that is paying the charges under the Existing Contract will include the costs in its HVTRR and LVTRR in the same ratio as the revenues are recognized by the Participating TO receiving the payments.

(e) Division of the TRBAA between HVTRR and LVTRR

(i) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at High Voltage Scheduling Points or Take-Out Points shall be reflected as High Voltage components;

(ii) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at Low Voltage Scheduling Points or Take-Out Points shall be attributed between High Voltage and Low Voltage TRBAA components based on the High Voltage and Low Voltage Wheeling Access Charge rates assessed to such transactions by the ISO and/or the Participating TO;

(iii) Any Low Voltage Access Charge amounts paid pursuant to Section 26.1 of the ISO Tariff for the Low Voltage Transmission Facilities of a Non-Load-Serving Participating TO shall be reflected as a component of the low voltage TRBA adjustment associated with the Low Voltage Access Charge;

(iv) FTR revenues shall be assigned to High Voltage or Low Voltage components based on the voltage of the path related to the FTR;

(v) Usage Charge revenues shall be allocated between High Voltage and Low Voltage components on a gross plant basis; and

(vi) Other Transmission Revenue Credits shall be allocated between High Voltage and Low Voltage components on a gross plant basis.

13. Low Voltage Access Charge for a Non-Load-Serving Participating TO. Pursuant to Section 26.1 of the ISO Tariff, the provisions of this Section 13 of this Schedule 3 shall apply to a Non-Load-Serving Participating TO that has Low Voltage Transmission Facilities.

13.1 Low Voltage Transmission Revenue Requirement. The Low Voltage Transmission Revenue Requirement of a Non-Load-Serving Participating TO shall be calculated separately for each individual project that includes one or more Low Voltage Transmission Facilities or shall be calculated for a group of Low Voltage Transmission Facilities if all are part of projects directly connected to the facilities of the same Participating TO(s). The Low Voltage Transmission Revenue Requirement will be determined consistent with ISO procedures posted on the ISO Home Page and shall be the sum of:

(a) the Non-Load-Serving Participating TO's Low Voltage Transmission Revenue Requirement for the relevant Low Voltage Transmission Facility or group of facilities; and

(b) the annual low voltage TRBA adjustment for the relevant Low Voltage Transmission Facility or group of facilities, which shall be based on the principal balance in the low voltage TRBA as of September 30 and shall be calculated as a dollar amount based on the projected Transmission Revenue Credits as adjusted for the true up of the prior year's difference between projected and actual credits. In accordance with Section 26.1 of the ISO Tariff, the Non-Load-Serving Participating TO shall include any over- or under-recovery of its annual Low Voltage Transmission Revenue Requirement in its low voltage TRBA. If the annual low voltage TRBA adjustment involves only a partial year of operations, the Non-Load-Serving Participating TO's over- or under-recovery shall be based on a partial year revenue requirement, calculated by multiplying the Non-Load-Serving Participating TO's Low Voltage Transmission Revenue Requirement by the number of days the Low Voltage Transmission Facilities were under the ISO's Operational Control divided by the number of days in the year.

13.2 Updates to Low Voltage Access Charges. Unless otherwise agreed by the affected Participating TOs, a Non-Load-Serving Participating TO shall adjust its Low Voltage Access Charges and Low Voltage Wheeling Access Charges (1) when necessary to reflect any new transmission addition directly connecting a Participating TO to the Low Voltage Transmission Facilities of the Non-Load-Serving Participating TO; (2) on the date FERC makes effective a change to the Low Voltage Transmission Revenue Requirement of the Non-Load-Serving Participating TO; and (3) on the date FERC makes effective a change to Gross Load of a Participating TO directly connected to the Non-Load-Serving Participating TO. Using the Low Voltage Transmission Revenue Requirement accepted or authorized by FERC, consistent with Section 9 of this Schedule 3, for the Non-Load-Serving Participating TO, the ISO will recalculate on a monthly basis the Low Voltage Access Charge applicable during such period. Revisions to the low voltage TRBA adjustment shall be made effective annually on January 1 based on the principal balance in the low voltage TRBA as of September 30 of the prior year and a forecast of Transmission Revenue Credits for the next year.

For service provided by a Non-Load-Serving Participating TO following the Transition Date, any refund associated with a Non-Load-Serving Participating TO's Transmission Revenue Requirement that has been accepted by FERC, subject to refund, shall be provided as ordered by FERC. Such refund shall be invoiced separately from the Market Invoice.

If the Non-Load-Serving Participating TO withdraws one or more of its transmission facilities from the ISO Operational Control in accordance with Section 3.4 of the Transmission Control Agreement, then the ISO will no longer collect the TRR for that transmission facility through the ISO's Access Charge effective upon the date the transmission facility is no longer under the Operational Control of the ISO. The withdrawing Non-Load-Serving Participating TO shall be obligated to provide the ISO will all necessary information to implement the withdrawal of the Participating TO's transmission facilities and to make any necessary filings at FERC to revise its TRR. The ISO shall revise its transmission Access Charge to reflect the withdrawal of one or more transmission facilities from ISO Operational Control.

13.3 Approval of Updated Low Voltage Transmission Revenue Requirement. A Non-Load-Serving Participating TO will make the appropriate filings at FERC to establish its Transmission Revenue Requirement for its Low Voltage Access Charge, and to obtain approval of any changes thereto. All such filings with the FERC will include a separate appendix that states the LVTRR and other information required by the FERC to support the Low Voltage Access Charge. The Non-Load-Serving Participating TO will provide a copy of its filing to the ISO and the other Participating TOs in accordance with the notice provisions in the Transmission Control Agreement.

Federal power marketing agencies whose transmission facilities are under ISO Operational Control shall develop their Low Voltage Transmission Revenue Requirements pursuant to applicable federal laws and regulations, including filing with FERC. All such filings with FERC will include a separate appendix that states the LVTRR and other information required by the FERC to support the Access Charges. The procedures for public participation in a federal power marketing agency's ratemaking process shall be posted on the federal power marketing agency's website. The federal power marketing agency shall also post on the website the Federal Register Notices and FERC orders for rate making processes that impact the federal power marketing agency's Low Voltage Transmission Revenue Requirement. The Non-Load-Serving Participating TO will provide a copy of its filing to the ISO and the other Participating TOs in accordance with the notice provisions in the Transmission Control Agreement.

13.4 Disbursement of Low Voltage Access Charge Revenues. Unless otherwise agreed by the affected Participating TOs, Low Voltage Access Charge revenues of a Non-Load-Serving Participating TO shall be calculated for disbursement to that Non-Load-Serving Participating TO on a monthly basis as the sum of Low Voltage Access Charges billed by the ISO to the UDCs or MSS Operators of Participating TOs pursuant to Section 26.1 of the ISO Tariff.

13.5 Payment of Low Voltage Access Charge. Notwithstanding the separate accounting for the Low Voltage Access Charge specified in Section 26.1 of ISO Tariff and this Section 13 of this Schedule 3, if the same entity is both a Participating TO and a UDC or MSS Operator, then the monthly High Voltage Access Charge and Transition Charge amount, and any Low Voltage Access Charge amount pursuant to this Section 13 of this Schedule 3, billed by the ISO will be the charges payable by the UDC or MSS Operator in accordance with Sections 26.1.2 and 26.1 of the ISO Tariff less the disbursement determined in accordance with Section 10.1(d) of this Schedule 3. If this difference is negative, that amount will be paid by the ISO to the Participating TO.

ATTACHMENT C

BLACKLINED CAISO TARIFF PROVISIONS FOR ORDER NO. 676 COMPLIANCE

7.2.2.3.3 NERC Policies and Standards.

(a) National Standards

The NERC national level standards for all utilities to follow to allow for safe and reliable operation of electric systems.

(b) Operating Manual

The NERC Operating Manual supplied by NERC to all utilities and Control Areas as a reference for dispatchers to use during normal and emergency operations of the grid.

7.2.2.4 NAESB Standards. The following standards of the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB) are incorporated by reference:

- Coordinate Interchange (WEQ-004, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Purpose, Applicability, and Standards 004-0 through 004-13, and 004-A through 004-D;

- Area Control Error (ACE) Equation Special Cases Standards (WEQ-005, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Purpose, Applicability, and Standards 005-0 through 005-3.1.3, and 005-A; and

- Inadvertent Interchange Payback (WEQ-007, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Purpose, Applicability, and Standards 007-0 through 007-2, and 007-A.

The ISO is seeking a waiver of the following NAESB WEQ standards:

- Business Practices for Open Access Same-Time Information Systems (OASIS) (WEQ-001, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standards 001-0.2 through 001-0.8, 001-2.0 through 001-9.6.2, 001-9.8 through 001-10.8.6, and Examples 001-8.3-A, 001-9.2-A, 001-10.2-A, 001-9.3-A, 001-10.3-A, 001-9.4.1-A, 001-10.4.1-A, 001-9.4.2-A, 001-10.4.2-A, 001-9.5-A, 001-10.5-A, 001-9.5.1-A, and 001-10.5.1-A;

- Business Practices for Open Access Same-Time Information Systems (OASIS) Standards & Communication Protocols (WEQ-002, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standards 002-1 through 002-5.10; and

- Open Access Same-Time Information Systems (OASIS) Data Dictionary (WEQ-003, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standard 003-0.

WECC is seeking a waiver of the following NAESB WEQ standard on its own behalf and on behalf of the Control Areas in the Western Interconnection, including the ISO:

- Manual Time Error Correction (WEQ-006, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Purpose, Applicability, and Standards 006-0 through 006-12.

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ATTACHMENT D

CAISO TARIFF PROVISIONS FOR ORDER NO. 676 COMPLIANCE

CLEAN SHEETS

The WECC set of standards for the Western Interconnection, which are based on the NERC standards.

The WECC further defines procedures and policies applicable to the Western Interconnection. WECC guidelines include:

(i) Part 1 – Reliability Criteria for Transmission System Planning

(ii) Part 2 – Power Supply Design Criteria

(iii) Part 3 – Minimum Operating Reliability Criteria (MORC)

(iv) Part 4 – Definitions

(b) Operating Procedures.

The WECC Operating Procedures submitted to WECC by individual utilities and the ISO to address specific operating problems in their respective grids that could affect operations of the interconnected grid.

(c) Dispatcher's Handbook.

The WECC Dispatcher's Handbook supplied by WECC to all utilities and Control Areas as a reference for dispatchers to use during normal and emergency operations of the grid.

7.2.2.3.3 NERC Policies and Standards.

(a) National Standards

The NERC national level standards for all utilities to follow to allow for safe and reliable operation of electric systems.

(b) Operating Manual

The NERC Operating Manual supplied by NERC to all utilities and Control Areas as a reference for dispatchers to use during normal and emergency operations of the grid.

7.2.2.4 **NAESB Standards.** The following standards of the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB) are incorporated by reference:

- Coordinate Interchange (WEQ-004, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Purpose, Applicability, and Standards 004-0 through 004-13, and 004-A through 004-D;
- Area Control Error (ACE) Equation Special Cases Standards (WEQ-005, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Purpose, Applicability, and Standards 005-0 through 005-3.1.3, and 005-A; and
- Inadvertent Interchange Payback (WEQ-007, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Purpose, Applicability, and Standards 007-0 through 007-2, and 007-A.

The ISO is seeking a waiver of the following NAESB WEQ standards:

- Business Practices for Open Access Same-Time Information Systems (OASIS) (WEQ-001, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standards 001-0.2 through 001-0.8, 001-2.0 through 001-9.6.2, 001-9.8 through 001-10.8.6, and Examples 001-8.3-A, 001-9.2-A, 001-10.2-A, 001-9.3-A, 001-10.3-A, 001-9.4.1-A, 001-10.4.1-A, 001-9.4.2-A, 001-10.4.2-A, 001-9.5-A, 001-10.5-A, 001-9.5.1-A, and 001-10.5.1-A;
- Business Practices for Open Access Same-Time Information Systems (OASIS) Standards & Communication Protocols (WEQ-002, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standards 002-1 through 002-5.10; and

- Open Access Same-Time Information Systems (OASIS) Data Dictionary (WEQ-003, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standard 003-0.

WECC is seeking a waiver of the following NAESB WEQ standard on its own behalf and on behalf of the Control Areas in the Western Interconnection, including the ISO:

- Manual Time Error Correction (WEQ-006, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Purpose, Applicability, and Standards 006-0 through 006-12.

7.2.3 **General Standard of Care**. When the ISO is exercising Operational Control of the ISO Controlled Grid, the ISO and Market Participants shall comply with Good Utility Practice.