

**Enhanced Allocation Detail for 2002**

**Information to be Gathered in the 2002**

**Budget Development Process**

## BACKGROUND

The ISO's grid management charge provides for separate charges for each of the three services offered by the ISO. These services are described below:

1. **Control Area Operations (Grid Reliability):** This category is responsible for managing the Control Area and the ISO Controlled Grid to "keep the lights on," *i.e.*, ensure safe, reliable operation of the transmission grid and dispatch of bulk power supplies, including:
  - performing operational studies;
  - system security analyses;
  - transmission maintenance standards;
  - system planning to ensure overall reliability;
  - integration with other Control Areas;
  - emergency management;
  - outage coordination;
  - transmission planning; and
  - scheduling generation, imports, exports, and wheeling in the Day-Ahead and Hour-Ahead of actual operations.
2. **Inter-Zonal Scheduling:** This category is responsible for dealing with Congestion, which exists when power flowing on a transmission path exceeds the transmission path capacity. Congestion management is conducted by the ISO during the scheduling process and results in the economic rationing of transmission service in order to prevent congestion.
3. **Market Operations:** This category is responsible for providing open and non-discriminatory access for market making activities for participants through Ancillary Services auctions, provision of energy balancing services and market surveillance. This category is also responsible for providing metering, billing and settlements activities ultimately to balance the billing of and payments for energy, capacity, and transmission service in and out of the systems through the Scheduling Coordinators ("SCs").

The work of all ISO departments ultimately supports one or more of these services, either directly or indirectly. The work that ISO departments provide may be classified as follows:

- A. The department provides service entirely related to a specific unbundled category.
- B. The department is an overhead or support function, and it is not possible to directly identify how the services it provides support the ISO's unbundled service categories.
 

Two subgroups exist:

  1. General overhead departments which are allocated to the three unbundled service categories based on the results of other allocations
  2. Departments which supervise other cost centers and whose costs are allocated to the three unbundled service categories based on the results of the cost centers it supervises.
- C. The department provides service which benefits two or more of the ISO's unbundled service categories, and it is possible for the department to identify how the services it provides benefit these categories.

An Appendix to this document lists all ISO cost centers and their classification into these categories. For those departments in Categories A, and B above, the documentary support needed for the unbundled GMC may be limited to a description of the department and the services it provides. This description is captured in the budget tool. For departments in Category C, additional documentary support is required, and such departments will have to provide this support as part of the budgeting process. The rest of this section describes how this is to be done.

**ALLOCATION OF COSTS TO MORE THAN ONE CATEGORY**

Within your cost center, the ISO must have adequate support for how to allocate your department's costs to the ISO's unbundled service categories. This support is developed in two ways:

1. Allocation of staff related costs
2. Assignment of specific costs to categories

**1. Allocation of staff related costs**

All staff time should be directly assigned to the ISO service categories. The "general" category should be selected for all staff in overhead departments (listed in the appendix), or for support staff in other departments.

For each position in your department, you must allocate that position's total work time to the unbundling categories, as noted below:

**TABLE (Allocation of each position to tasks)**

Staff	Control Area Services	Interzonal Scheduling	Market Operations	General	Total
Position 1	100%	0%	0%		100%
Position 2	25%	25%	50%		100%
Position 3	100%	0	0%		100%
Position 4	50%	50%	0%		100%
Position 5	10%	20%	70%		100%
Position 6	30%	20%	50%		100%

*User fills out this table for each position in their department.*

Costs which are closely associated with labor costs (listed below) will be assigned using the results of the labor cost allocations for each department.

510	Professional/Membership Dues
520	Transportation/Travel
540	Training Fees/Supplies
580	Office Meetings
610	Office Supplies
615	Office Equipment
620	Publications/Subscriptions
650	Advertising
655	Printing Services
670	Postage/Courier

**2. Assignment of specific costs to categories**

Other costs are assigned to ISO unbundling categories in a similar manner.

For example, when consulting costs are budgeted, individual consulting projects are described, and associated with an ISO unbundled service category.

**TABLE** expense CONSULTANTS

Expenditure Detail	Jan	.....	Dec	Total	Control Area Services	Inter-Zonal Scheduling	Market Operations	General	Total
Description A				\$10	100%	0%	0%		100%
Description B				\$20	25%	25%	50%		100%
Description C				\$15	100%	0	0%		100%
Description D				\$20	50%	50%	0%		100%
Description E				\$100	10%	20%	70%		100%
Description F				\$200	30%	20%	50%		100%
Subtotal					\$200	\$100	\$65		
Description G				\$50				100%	100%
Total				\$415					

*User fills out this table.*

Expenditures which require this type of specific support include:

230	Leases
310	Insurance
430	Consultants
433	Consultant Expenses
445	Maintenance Contracts
450	Legal/ Audit
470	Other Contracts/Services
550	Conference Fees
560	Client Meetings
570	Stakeholder Meetings
614	Software
640	Temporary/Contract Staff

## DESCRIPTION OF DEPARTMENT AND BUDGET REQUEST

Each department is also required to provide a description of its activities and its requested budget. This serves two essential purposes: (1) as the source information for a written report on the ISO's budget request for submission to the ISO Governing Board, and stakeholders, and (2) as support for the cost allocation process, for the FERC rate filing.

A general description of the department has been provided, where possible, based on previous year's information. Additional input is also required to discuss departmental changes, workload, and the budget overall.

### Description 1: General Departmental Description

**Provide a general description of the anticipated responsibilities of your department in 2002, including how these functions support the three ISO services--Control Area Services, Inter-zonal Scheduling, and Market Operations. If this department is an overhead department, or supervises other departments, please discuss this.**

Free Form Text. Description of cost center.....

**Example:** The Client Relations group is the primary business interface between the ISO and its clients (*i.e.*, SCs, transmission owners, Participating Generators, municipalities, and adjacent control areas). To implement this responsibility in daily operations, Client Relations:

- Establishes, builds, and maintains strong working relationships with the clients of California ISO;
- Assumes overall responsibility for training and certifying SCs;
- Resolves Client business and operational issues requiring close coordination among the various departments within to the ISO;
- Communicates clients' issues to the ISO and ISO issues to clients;
- Works with other functional departments within the ISO to ensure client satisfaction;
- Resolves clients' disputes on billing and settlement statements; and
- Ensures sound credit practices and facilitates superior client services.

### Description 2: Changes and Workload

- **What has changed in this department from the starting point of the approved 2001 budget? Is this a new department?**
- **Are you performing tasks that are new, or were performed by other departments previously (and if so, who)?**
- **How has the workload changed recently? (I.e. in 2000 we managed 25000 schedules, in 2001 this increased to 35000, and is expected to increase to 40,000 in 2002.)**

Free Form Text.

**Description 3: Overall Discussion of Base Budget vs. Possible Alternatives**

<ul style="list-style-type: none"> <li>• <b>What is included in the base budget you are proposing? What work will get done? What won't get done? What is the impact?</b></li> <li>• <b>What major changes are present in this proposed base budget vs. 2001?</b></li> <li>• <b>What alternatives are there, in terms of incremental and decremental programs?</b></li> <li>• <b>Give a general assessment of the importance of the incremental and decremental programs (These are separately described in detail.)</b></li> </ul>
Free Form Text.

**TASKS**

As supplemental information, each department will be asked to provide a list of tasks it works on, and to allocate these tasks to the three unbundled service categories. This data will not be directly used in the budgeting process next year, but will be incorporated into the process next year.

**TABLE (Tasks to Service Categories)**

Activity	Allocation			
	Control Area Services	Inter-Zonal Scheduling	Market Operations	General Allocation (*)
Task A	100%			
Task B	25%	25%	50%	
Task C	50%	50%		
Task D			100%	
Task E				100%
Task F			100%	

*User fills out this table.*

(\* tasks which are assigned to "general allocation" would be further allocated to the three unbundling categories based on additional algorithms.)

## INCREMENTAL/DECREMENTAL PROGRAMS

In addition to collecting information about your proposed base budget, the budget tool allows you to input additional budget programs for consideration. Programs for additional funding are called "incremental programs" and programs which would save costs as a result of providing fewer services are called "decremental programs". These costs are input into the same columnar type format as the base budget, but additional information is also collected, including:

Incremental Program 1	
"Program Name"	
<b>Included in Final Proposed Budget?</b>	<input type="checkbox"/>
<b>Expense Detail</b>	
<b>Expense1</b>	\$100
<b>Expense2</b>	\$2400
<b>Expense3</b>	\$50
<b>Etc.</b>	\$0
<b>Total</b>	\$2550
<b>Description of Proposed Program</b>	
<b>Description of departmental services/functionality/output before and after the proposed change.</b>	
<b>Impact on (1) grid reliability and (2) market effectiveness and efficiency</b>	
<b>Potential risks from implementing/not implementing the proposed program, including:</b> <ul style="list-style-type: none"> <li>• Reliability of Grid Management and Dispatch Operation</li> <li>• Compliance with Protocols, Regulations, &amp; Contract Provisions</li> <li>• Change Management / Operational Risks</li> <li>• Technology Risks</li> <li>• Financial Risks &amp; Implications</li> <li>• Strategic Risks</li> <li>• Introducing Potential Exposure to ISO for Litigation</li> </ul>	
<b>Impact of the proposed program on other CAISO departments (list all affected departments--include cost center number)</b>	

## INTERDEPARTMENTAL IMPACTS

Each cost center manager/director is responsible for ensuring that their budget reflects the costs necessary to provide responsive support to other ISO departments. This requires that departments talk to each other during the budget development process. Several meetings have been scheduled to facilitate this information exchange. Additionally, a tool is available in the budget program to further assist managers in understanding how programs proposed by other ISO departments may affect their budgets. In the incremental/decremental program requests described above, managers are requested to document the impact of their budget requests on other ISO departments.

This tool will enable you to see which other departments are notifying you that they have a program which may place additional requirements on your cost center. You can modify your budget request accordingly.

INPUT COST CENTER NUMBER TO SEARCH FOR:	1424
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### RESULTS:

<u>Cost Center</u>	<u>Name</u>	<u>Program</u>	<u>Name</u>	<u>Where?</u>
1521	Grid Planning	Base Budget		Misc. Software
1521	Grid Planning	Inc. Prg. 1521-1	Planning Model	
1641	Market Analysis	Base Budget		Consulting
1641	Market Analysis	Inc. Prg. 1641-1	Market Simulation	
1641	Market Analysis	Inc. Prg. 1641-2	Market Test Model	

You should then review these budget requests and contact that department to understand how they will affect you. You may then need to propose an incremental program in response to their program.



<b>CC # - NEW</b>	<b>Organization</b>	<b>Manager</b>	<b>Require Task Detail?</b>	<b>Other Allocation Method</b>
1111	CEO - General	Terry M. Winter		Yes- ISO as a whole
1511	VP - Grid Operations General	Jim Detmers		Yes- Results of other 1500 cost centers
1560	OSAT Group	Vacant		
1548	OSAT Group - General	Vacant		Yes- Results of 1549, 1554, 1555, 1559
1549	Operations Training	Steve McCoy	Yes	
1554	Special Projects Engineering	Dave Hawkins	Yes	
1555	Operations Support Group	Deane Lyon	Yes	
1559	Operations Application Support	Mike Iverson	Yes	
1540	Engineering and Maintenance Grp	Vacant		
1547	Engineering and Maintenance	Vacant		Yes- Results of 1543, 1561, 1562, 1563, 1558
1543	Central Area Engineering	Kevin Graves	Yes	
1561	Southern Area Engineering	Chuck-yan Wu	Yes	
1562	Northern Area Engineering	Ron Calvert	Yes	
1563	Real Time Grid Engineering	Vicken Kasarjian	Yes	
1558	Transmission Maintenance	Phil Pettingil	Yes	
1530	Operations Scheduling Group	Tracy Bibb		
1564	Operations Scheduling	Tracy Bibb		Yes-Results of 1544, 1542, 1565
1544	Real-Time Scheduling	Robert Sullivan	Yes	
1542	Outage Coordination	Gregory Van Pelt	Yes	
1565	Pre-Scheduling and Support	Vacant	Yes	
1570	Grid Operations Group	Jim McIntosh		
1545	Grid Operations	Jim McIntosh	Yes	
1550	Regional Coordination Group	Ed Riley		
1566	Regional Coordination	Ed Riley		Yes-Results of 1546
1546	Security Coordination	Greg Tillitson	Yes	
1521	Grid Planning	Armie Perez	Yes	
1711	VP - Market Services General	Randy Abernathy		Yes- Results of all other 1700
1731	Contracts and Special Projects	Debi Le Vine	Yes	
1741	Client Relations	Byron Woertz/Don Fuller	Yes	
1720	Settlements	Spence Gerber		
1721	Billing and Settlements	Spence Gerber		Yes- Results of 1722, 1723, 1724, 1725
1722	Application Support	CP Ng	Yes	

1723	Tariff and Contract Implementation	Tony Deluca	Yes	
1724	BBS - PSS	Deanne Nelsen	Yes	
1725	BBS - FSS	Brad Bouillon	Yes	
<b>1750</b>	<b>Market Operations Group</b>	<b>Ziad Alaywan</b>		
1751	Market Operations	Ziad Alaywan		Yes- Results of 1752, 1753, 1755, 1757
1752	Manager of Markets	Brian Rahman	Yes	
1753	Market Engineering	Mark Rothleder	Yes	
1755	Business Solutions	Bill Simmons	Yes	
1757	Market Integration	Christine Vangelatos	Yes	
<b>1760</b>	<b>Market Quality Group</b>			
1756	Market Quality	Nancy Traweek	Yes	
1411	VP Information Svcs General	Loreen Tabbut		Yes- Results of all other 1400
1424	Asset, Contract & Change Mgmt Group	Jim Guza	Yes	
<b>1430</b>	<b>Infrastructure Services</b>	<b>Carol Malugani</b>		
1432	Technology Infrastructure-General	Carol Malugani		Yes-Results of 1431, 1441, 1442, 1451
1431	User Support Services	Brett Kernen	Yes	
<b>1440</b>	<b>Network Services</b>	<b>Carol Malugani</b>		
1441	Vendor Management	Michelle Windmiller	Yes	
1442	Product Support Services	Larry Williams	Yes	
1451	Information Security Services	Mike Beeler	Yes	
<b>1460</b>	<b>Corporate &amp; Operation Systems Group</b>	<b>Barbara Kindel</b>		
1463	Corporate & Operation Systems	Barbara Kindel		Yes-Results of 1461, 1462, 1422, 1468, 1467
1461	RT Operations Applications Support	Tom Traweek	Yes	
1462	Field Data Acquisition & Data Quality	Allen Jaschke	Yes	
1422	Application Development Services	Ron Lee	Yes	
1468	Corporate Application Support	Jami Herguth	Yes	
1467	Post Operations Application Support	Allen Jaschke (Int)	Yes	
<b>1470</b>	<b>Infrastructure Engineering</b>	<b>Walter Johnson</b>		
1471	Infrastructure Engineering	Walter Johnson		Yes-Results of 1465
1465	System Engineering	Fernando de Cos	Yes	
1811	VP Corp & Strategic Development Gen	Elena Schmid		Yes-Results of all 1400, 1500, 1700
1821	Communications	Patrick Dorinson		
<b>1830</b>	<b>Strategic Development</b>	<b>Dianne Hawk</b>		
1831	Strategic Development	Dianne Hawk		Yes-Results of all

1851	Project Office Group	Bill Wagner	Yes	1400, 1500, 1700
1841	Human Resources	Jerry Fry		Yes-Results of all 1400, 1500, 1700
1861	Regulatory Policy	Steve Greenleaf		Yes-Results of all 1400, 1500, 1700
<b>1300 - Finance</b>				
1311	CFO - General	William J. Regan, Jr.		Yes-Results of all 1400, 1500, 1700
1321	Accounting	Michael Epstein		Yes-Results of all 1400, 1500, 1700
1331	Financial Planning and Treasury	Phil Leiber		Yes-Results of all 1400, 1500, 1700
1361	Office Administration	Hector Alvarez		Yes-Results of all 1400, 1500, 1700
1351	Facilities	Tony Capasso		Yes-Results of all 1400, 1500, 1700
<b>1600 - Legal and Regulatory</b>				
1611	VP General Counsel	Charles Robinson		Yes-Results of all 1400, 1500, 1700
1631	Legal and Regulatory	Rich Jacobs		Yes-Results of all 1400, 1500, 1700
1641	Market Analysis	Anjali Sheffrin	Yes	Yes-Results of all 1400, 1500, 1700
<b>1660</b>	<b>Compliance Group</b>			
1661	Compliance	Eric Leuze	Yes	Yes-Results of all 1400, 1500, 1700
1662	Data Quality Group	Glen Perez	Yes	Yes-Results of all 1400, 1500, 1700