

STAKEHOLDER POSITIONS

California Public Utilities Commission

- Deeming exit points Regional Transmission Facilities should be included in the definition of Regional Transmission Facilities versus in Section 7.1.4.1.
- A provision should be included that would ensure the reasonableness of revenue requirements that publicly owned electric utilities seek to include in the ISO's TAC. For example, a provision that allows a PTO to bring challenges to the ISO Board if a publicly owned utility asks to change its revenue requirement due to changes in its ratemaking methodology.
- Mitigation is essential to maintaining some level of consensus and support by stakeholders for the complete package.

Pacific Gas and Electric Company

- Concerned with who is responsible for forecasting the Load and specifically forecasting wheeling revenues.
- Urges an audit or independent review of the Regional Transmission Revenue Requirements of PTOs not subject to FERC jurisdiction.
- New PTOs should be required to file a TO Tariff to define the terms and conditions of local transmission service.
- There should be a mitigation plan.
- Billing should be based on settlement quality meter data.
- PTOs with Existing Rights should be required to sign a Scheduling Coordinator Agreement and schedule their transactions.
- Proposes that the Access Charge not be changed from Utility-Specific until a new Transmission Owner executes the Transmission Control Agreement. Then, once a New PTO joins, the Regional Access Charge would be TAC Area. Additionally, PG&E propose that only a portion of the New PTOs Regional Transmission Revenue Requirement is included in the ISO's Access Charge.

Transmission Agency of Northern California

- Cost mitigation and billing based on gross load are unjust and unreasonable.
- FTR language does not allow Existing Contract Rightsholders to retain or repurchase their FTRs for their Existing Contract rights.
- Regulatory authority for rate design should be clearly stated as vested with the local regulatory authority.

Sacramento Municipal Utility District

- All section regarding Existing Contracts and elimination of Non-Converted Rights should be deleted; no changes to these sections are necessary to implement the Access Charge. Additionally, the changes undermine key compromises made early in the WEPEX process and will result in more disputes at FERC.
- Revise Section 3.1 to allow Governmental Entities to retain certain transmission systems and not put such systems under ISO operational control. To the extent the Governmental Entity retains the transmission line, the operational control and/or revenue requirement for certain transmission lines that perform generation tie functions and/or are needed for operation of a MSS, the Load served by such facilities should not pay the Access Charge.
- Only Load specifically using the ISO Controlled Grid should pay the Access Charge.
- Strike the requirement that Governmental Entities are required to file their Transmission Revenue Requirement with FERC.
- Sections on Wheeling and definitions need to be revised, as there are internal inconsistencies.

City and County of San Francisco

- Supports implementation of TAC Areas, but not ISO Grid-Wide. A future rate design should be included when the ISO is ready to implement the future methodology.

The Metropolitan Water District of Southern California

- Supports a cost mitigation plan because of concerns that entities such as Metropolitan would be significantly and adversely affected by the cost shifts. Metropolitan proposed a mitigation plan featuring special transmission pricing for unique entities. Eligible entities consist of:
 1. Entities who own transmission related assets that are substantially paid for and not identified in existing WSCC path ratings.
 2. Those that serve static Load with no Load growth expected in the future.
 3. Transmission facilities that directly connect generation to wholesale Load.
- Entities that meet this eligibility test would pay a percent (i.e. 95%) of the utility-specific rate plus a percent of the ISO Access Charge (i.e. 5%). Other users of this system would be charged the same to meet comparability standards.

Western Area Power Administration

- Immediate conversion of Existing Contracts is not required for the Access Charge and should be addressed by the Board directed stakeholder group.

- Conversion of Existing Contracts to FTRs is not required for the Access Charge and should be addressed by the Board directed stakeholder group.
- The ISO does not have the right to limit scheduling for Existing Rights and Participating TO's with Existing Contracts should not be required to abide by the ISO Scheduling Protocols.
- The ISO Governing Board should establish criteria to identify transmission facilities for which the ISO should assume operational control.
- Revised the proposed tariff language to allow publishing rates in the Federal Register to be sufficient notice.
- Western is concerned with application of the Tracking Account and believes that the Board directed stakeholder group should address it.
- The Board directed stakeholder group should determine the definition of critical mass.
- The Board directed stakeholder group should determine the mitigation adjustments.

California Municipal Utilities Association

- The Board directed Management to form a group of major stakeholders to develop proposals and it would be inappropriate for the tariff language prepared by Management to preempt or prejudice the outcome in the above-described fora.
- The proposal for credit ratings and other security issues would increase costs and is draconian. Further development of reasonable needs for adequate security is required to more appropriately tailor the exposure created by the Access Charge.
- The ISO needs to consider the case whereby a PTO is not an UDC or MSS and how the Access Charge will be assessed.
- Immediate conversion of Existing Contracts is not required by the implementation of the Access Charge and is properly discussed in crafting a comprehensive package. Additionally, it alters a fundamental principle and is inappropriate in isolation.
- CMUA questions the need for operating instructions of Existing Contracts if both parties are PTOs.
- Section 3.1 inappropriately vests unfettered discretion in the ISO Governing Board to add or exclude additional facilities. This determination should be as set forth in the Transmission Control Agreement and as guided by FERC or FERC resolution.
- The enrollment process identified in Section 3.1 could impede participation and the addition of new facilities to the ISO Controlled Grid. CMUA will be developing a suggested resolution.
- The tariff should be expanded to address the different rate treatment currently in place for the Local transmission facilities.
- CMUA does not accept the FERC filing requirement and opposes the imposition of FERC jurisdiction over the revenue requirement of non-jurisdictional PTOs.

- CMUA is concerned with Uniform accounting systems because of the lack of specificity. Regardless, whatever system is used, sufficiently flexibility needs to be included to allow for different cost structure.
- The language needs to clarify UDC, MSS, Wheeling, and monthly Regional Access Charge.
- Mitigation is properly the discussion of the Board directed stakeholder group and cannot be developed in isolation.
- FTRs should allow a complete hedge against exposure to Usage Charges.
- The Northern Area does not include all Potential PTOs.
- IID should not be singled out and the discretion granted the ISO Governing Board on determining how IID would participate is potentially discriminatory.
- The Board directed stakeholder group should determine whether gross Load or net Load is used in the Access Charge calculation.
- CMUA is concerned with policy issues such as critical mass that should be addressed in other fora.
- Transfer of operational control must be contingent upon payment of revenue requirement. Any regulatory lag must be resolved.

CONFIDENTIAL
STAKEHOLDER POSITIONS

California Department of Water Resources

- removal of the 5-year transition period is neither the product of Stakeholder consensus nor the result of Board directive
- If the draft tariff can be read to require DWR to pay both regional and local rates for DWR's regional transmission service, DWR would find such a cost shift completely unacceptable.
- DWR's high priority rights on Path 15 need to be recognized. FTR auction proceeds must keep Existing Rightsholders whole from their exposure to congestion charges.
- Mitigation is not addressed.
- Some issues addressed in the proposed tariff language are currently being litigated at FERC. Until FERC completes action on these issues, the ISO should not take any actions.
- Sufficient time needs to be provided for Stakeholder input before the Board takes any final actions. Urge the ISO to make whatever schedule adjustments are necessary to assure adequate opportunities for Stakeholder input and full consideration of Stakeholder concerns by ISO Staff and the Board.