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December 31, 2003

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. ER04-____ - 000**

Transmission Access Charge Informational Filing

Dear Secretary Salas:

The enclosed informational filing by the California Independent System Operator Corporation ("ISO") is intended to provide notice regarding the updated transmission Access Charges that reflect a revision in its transmission Access Charge rates to account for the changes to the rates of Pacific Gas and Electric Company ("PG&E"), specifically, those resulting from the Transmission Owner Tariff proceeding in Docket No. ER04-109-000,¹ and to revise the Transmission Revenue Balancing Accounts ("TRBAs") of the current Participating Transmission Owners.

Changes in Rates

The transmission Access Charges provided in the present filing updates the Access Charges and Wheeling Access Charges provided for informational purposes in the ISO's submission of September 30, 2003 in Docket No. ER03-1404-000. The changes in the present filing are effective January 1, 2004, coincident with the effectiveness of PG&E's Transmission Owner Tariff.

¹ See *Pacific Gas and Electric Company*, 105 FERC ¶ 61,389 (2003). This order accepted PG&E's filing of a revised Transmission Owner Tariff, suspended the filing, and made it effective January 1, 2004.

Worksheets illustrating the recalculation of the ISO's transmission Access Charge are included with the present transmittal letter as Attachment A. The recalculated rates for each of the TAC Areas, effective January 1, 2004, are as follows:

| | |
|---------------------|---------------|
| Northern Area - | \$ 2.2191/MWh |
| East Central Area - | \$ 2.6583/MWh |
| Southern Area - | \$ 2.2757/MWh |

Additionally, the ISO provides, in Attachment B to the present filing, a form of notice suitable for publication in the Federal Register, which is also provided in electronic form on the enclosed diskette.

Communications regarding this filing should be addressed to the following individuals, whose names should be placed on the official service list established by the Secretary with respect to this submittal:

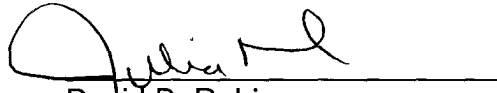
| | |
|---|--------------------------------------|
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*Individuals designated for service pursuant to Rule 203(b)(3),
18 C.F.R. § 385.203(b)(3).

The ISO has served copies of this transmittal letter and all attachments hereto on the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, the Participating Transmission Owners, and on all parties with effective Scheduling Coordinator Service Agreements under the ISO Tariff. In addition, the ISO is posting this transmittal letter and all attachments on the ISO Home Page.

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David B. Rubin", is written over a horizontal line.

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ATTACHMENT A

January 1, 2004 TAC Rate
Based on Filed Annual TRR/TRBA and Load Data

Based on PG&E's TO7 TRR

TAC Components:

| | Filed Annual TRR Existing HV Facilities (\$) [1] | Filed Annual TRR New HV Facilities (\$) [2] | Filed Annual Gross Load (MWh) [3] | TAC Area [4] | Total Filed TRR (\$) [5] | EHV only Utility Specific Rate (\$/MWh) [6] | EHV only TAC Area Rate (\$/MWh) [7] | HV Utility Specific Rate (\$/MWh) [8] | TAC Area Rate (\$/MWh) [9] |
|----------------------|---|--|--------------------------------------|-----------------|-----------------------------|--|--|--|-------------------------------|
| | | | | | = [1] + [2] | = [1] / [3] | = [2]1 | = [5] / [3] | = [19] |
| RATE @ 1Jan04 | | | | | | | | | |
| PG&E | \$ 146,199,679 | \$ 45,188,967 | 83,389,232 | N | \$ 191,388,646 | \$ 1.7532 | #REF! | \$ 2.2951 | #REF! |
| SCE | \$ 173,100,226 | \$ 7,193,729 | 84,358,000 | EC | \$ 180,293,955 | \$ 2.0520 | #REF! | \$ 2.1372 | #REF! |
| SDG&E | \$ 35,851,531 | \$ 10,423,518 | 19,404,874 | S | \$ 46,275,049 | \$ 1.8476 | #REF! | \$ 2.3847 | #REF! |
| Anaheim | \$ 22,137,921 | \$ - | 2,589,830 | EC | \$ 22,137,921 | \$ 8.5480 | #REF! | \$ 8.5480 | #REF! |
| Azusa | \$ 1,392,585 | \$ - | 239,575 | EC | \$ 1,392,585 | \$ 5.8127 | #REF! | \$ 5.8127 | #REF! |
| Banning | \$ 977,914 | \$ - | 139,457 | EC | \$ 977,914 | \$ 7.0123 | #REF! | \$ 7.0123 | #REF! |
| Riverside | \$ 16,941,060 | \$ - | 1,814,019 | EC | \$ 16,941,060 | \$ 9.3390 | #REF! | \$ 9.3390 | #REF! |
| Vernon | \$ 9,990,364 | \$ - | 1,210,668 | EC | \$ 9,990,364 | \$ 8.2519 | #REF! | \$ 8.2519 | #REF! |
| ISO Total | \$ 406,591,280 | \$ 62,806,214 | 193,145,655 | | \$ 469,397,494 | | | | |

#REF!

| Annual TRR Existing HV Facilities (\$) [10] | Annual TAC Area TRR (\$) [11] | Annual Gross Load (GWh) [12] | TAC Area Rate (\$/MWh) [13] | ISO Wide Existing HV Facilities (\$) [14] | ISO Wide New HV Facilities (\$) [15] | ISO Wide Annual Gross Load (GWh) [16] | ISO Wide Rate (\$/MWh) [17] | EHV only ISO-Wide Rate (\$/MWh) [18] | TAC Rate (TAC Area + ISO Wide) (\$/MWh) [19] | Wheeling Rate (TAC Area + ISO Wide) (\$/MWh) [20] | Existing HV Facilities (EHVF) only TAC Rate (\$/MWh) [21] | New HV Facilities (NHVF) only TAC Rate (\$/MWh) [22] |
|--|----------------------------------|---------------------------------|--------------------------------|--|---|--|--------------------------------|---|---|--|--|---|
| = [1] | #REF! | = [3] | = [11] / [12] | #REF! | = Total [2] | = Total [3] | = ([14] + [15]) / [16] | = [14] / [16] | = [13] + [17] | = [18] | = [13] + [18] | = [13] / [16] |
| North | \$ 146,199,679 | #REF! | 83,389,232 | #REF! | | | #REF! | #REF! | #REF! | #REF! | #REF! | \$ 0.3252 |
| East/C | \$ 224,540,070 | #REF! | 90,351,549 | #REF! | | | #REF! | #REF! | #REF! | #REF! | #REF! | \$ 0.3252 |
| South | \$ 35,851,531 | #REF! | 19,404,874 | #REF! | | | #REF! | #REF! | #REF! | #REF! | #REF! | \$ 0.3252 |
| Total | \$ 406,591,280 | #REF! | 193,145,655 | #REF! | | | #REF! | #REF! | | | | |
| ISO-wide | #REF! | \$ 62,806,214 | 193,145,655 | #REF! | | | #REF! | #REF! | | | | |

January 1, 2004 TAC Rate
Based on Filed Annual TRR/TRBA and Load Data

STEP 2: Calculate the HV Access Charge the UDC/MSS pays on Filed Gross Load and Benefit/Burden. Note: ISO total for (Benefit)/Burden may not equal zero due to rounding of TAC Rate.

| TAC Area | Filed Gross Load (MWH) | EHVF only TAC Rate (\$/MWH) | Amount Paid Based on Filed Gross Load (\$) | EHVF only Utility Specific Rate (\$/MWH) | Would Have Paid w/ EHVF Utility Specific Rate (\$) | EHVF Access Charge (Benefit)/Burden (\$) |
|------------------|------------------------|-----------------------------|--|--|--|--|
| [22] = [4] | [23] = [3] | [24] = [7] | [25] = [23] x [24] | [26] = [6] | [27] = [23] x [26] | [28] = [25] - [27] |
| PG&E N | 83,389,232 | #REF! | #REF! | \$ 1.7532 | \$ 146,199,679 | #REF! |
| SCE EC | 84,358,000 | #REF! | #REF! | \$ 2.0520 | \$ 173,100,226 | #REF! |
| SDG&E S | 19,404,874 | #REF! | #REF! | \$ 1.8476 | \$ 35,851,531 | #REF! |
| Anaheim EC | 2,589,830 | #REF! | #REF! | \$ 8.5480 | \$ 22,137,921 | #REF! |
| Azusa EC | 239,575 | #REF! | #REF! | \$ 5.8127 | \$ 1,392,585 | #REF! |
| Banning EC | 139,457 | #REF! | #REF! | \$ 7.0123 | \$ 977,914 | #REF! |
| Riverside EC | 1,814,019 | #REF! | #REF! | \$ 9.3390 | \$ 16,941,060 | #REF! |
| Vernon EC | 1,210,668 | #REF! | #REF! | \$ 8.2519 | \$ 9,990,364 | #REF! |
| ISO Total | 193,145,655 | | | | \$ 406,591,280 | #REF! |

STEP 3: For Information Only -- Projected annual net benefits/burdens from Access Charge for Existing Facilities.

\$32/32/8 million cap for IOUs; munis are held harmless; IOUs pay muni cost increases in proportion to their cap relative to the total cap.

| EHVF Access Charge (Benefit)/Burden (\$) | IOU Burden Annual Cap (\$) | Amount IOUs' Cap Exceeds IOUs' Burden (\$) | Amount IOU's Burden Exceeds IOU's Cap (\$) | Payments by Entities with Net Benefit (\$) | Mitigation Payments (\$) | Adjusted Net (Benefit) / Burden (\$) | Reallocation IOU Burden (\$) | Transition Charge (\$) | Adjusted Net (Benefit) / Burden (\$) | Transition Charge Rate (\$/MWh) |
|--|----------------------------|--|--|--|--------------------------|--------------------------------------|--|------------------------|--------------------------------------|---------------------------------|
| [29] = [28] | [30] | [31] IF ([30] - [29] > 0) = [30] - [29] If no cap, then 0. | [32] IF [29] - [30] > 0 = [29] - [30] If no cap, then 0. | [33] IOUs = ([31] / total[31]) x total[32] Munis w/ Benefit = ([29] / total[29]) x total[32] - total[31] | [34] | [35] = [29] + [34] | [36] Reallocate IOU Burden [36] so it is proportional to IOU Cap [30] = [36] - [35] | [37] | [38] = [34] + [36] | [39] = [37] / [23] |
| PG&E #REF! | \$ 32,000,000 | #REF! | #REF! | #REF! | #REF! | n/a | \$ 0 | n/a | \$ 0 | #VALUE! |
| SCE #REF! | \$ 32,000,000 | #REF! | #REF! | #REF! | #REF! | n/a | \$ 0 | n/a | \$ 0 | #VALUE! |
| SDG&E #REF! | \$ 8,000,000 | #REF! | #REF! | #REF! | #REF! | n/a | \$ 0 | n/a | \$ 0 | #VALUE! |
| Anaheim #REF! | \$ 0 | #REF! | #REF! | #REF! | #REF! | n/a | \$ 0 | n/a | \$ 0 | #VALUE! |
| Azusa #REF! | \$ 0 | #REF! | #REF! | #REF! | #REF! | n/a | \$ 0 | n/a | \$ 0 | #VALUE! |
| Banning #REF! | \$ 0 | #REF! | #REF! | #REF! | #REF! | n/a | \$ 0 | n/a | \$ 0 | #VALUE! |
| Riverside #REF! | \$ 0 | #REF! | #REF! | #REF! | #REF! | n/a | \$ 0 | n/a | \$ 0 | #VALUE! |
| Vernon #REF! | \$ 0 | #REF! | #REF! | #REF! | #REF! | n/a | \$ 0 | n/a | \$ 0 | #VALUE! |
| Total #REF! | \$ 72,000,000 | #REF! | #REF! | #REF! | #REF! | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |

STEP 4: For Information Only -- Projected annual net benefits/burdens from Access Charge for New Facilities and Total projected annual net benefits/burdens from Access Charge.

| Filed Annual TRR New HV Facilities (\$) | ISO Wide Annual Gross Load (MWh) | New HVTRR Rate (\$/MWh) | New HVTRR Cost Responsibility (\$) | NHVF Access Charge (Benefit)/Burden (\$) | Total Access Charge (Benefit)/Burden (\$) |
|---|----------------------------------|-------------------------|------------------------------------|--|---|
| [40] = [2] | [41] = [3] | [42] = ([15]) / [16] | [43] = ([42]) * [43] | [44] = ([42]) - [40] | [45] = ([44]) + [38] |
| PG&E \$ 45,188,967 | 83,389,232 | \$ 0.3252 | \$ 27,116,126 | \$ (18,072,841) | \$ (18,072,841) |
| SCE \$ 7,193,729 | 84,358,000 | \$ 0.3252 | \$ 27,431,146 | \$ 20,237,417 | \$ 20,237,417 |
| SDG&E \$ 10,423,518 | 19,404,874 | \$ 0.3252 | \$ 6,309,987 | \$ (4,113,531) | \$ (4,113,531) |
| Anaheim \$ - | 2,589,830 | \$ 0.3252 | \$ 842,149 | \$ 842,149 | #VALUE! |
| Azusa \$ - | 239,575 | \$ 0.3252 | \$ 77,904 | \$ 77,904 | #VALUE! |
| Banning \$ - | 139,457 | \$ 0.3252 | \$ 45,348 | \$ 45,348 | #VALUE! |
| Riverside \$ - | 1,814,019 | \$ 0.3252 | \$ 589,874 | \$ 589,874 | #VALUE! |
| Vernon \$ - | 1,210,668 | \$ 0.3252 | \$ 393,679 | \$ 393,679 | #VALUE! |
| Total \$ 62,806,214 | 193,145,655 | | \$ 62,806,214 | \$ (0) | #VALUE! |

1 January 2004 ISO Access Charge Rate
HIGH VOLTAGE AND LOW VOLTAGE COMPONENTS

| PTO | HV TRR | LV TRR | New HV Facilities | New LV Facilities | Total HV Filed TRR | Total LV Filed TRR | Info Only | |
|--------|--|-------------------|-------------------|-------------------|--------------------|--------------------|--------------|--------------|
| | | | | | | | Combined TRR | |
| PGE | Base TRR (TO7) | 175,953,634 | 280,755,071 | 61,280,933 | | 237,234,568 | 280,755,071 | 517,989,638 |
| | TRBAA (as of 30Sep03) | (29,036,584) | (35,635,155) | (15,703,915) | | (44,740,499) | (35,635,155) | (80,375,654) |
| | Standby Credit | (717,371) | (1,123,252) | (388,051) | | (1,105,423) | (1,123,252) | (2,228,675) |
| | Total | 146,199,679 | 243,996,663 | 45,188,967 | | 191,388,646 | 243,996,663 | 435,385,309 |
| PGE | Gross Load | 83,389,232 | 83,389,232 | 83,389,232 | | 83,389,232 | 83,389,232 | 83,389,232 |
| | Utility Specific Access Charges (\$/kWh) | 1.7532 | 2.9260 | 0.5419 | | 2.2951 | 2.9260 | 5.2211 |
| | Effective Date | 1-Jan-04 ER04-109 | | 1-Jan-04 ER04-109 | | | | |
| | Docket # | 1-Jan-04 ER04-?? | | 1-Jan-04 ER04-?? | | | | |
| SCE | Base TRR | 213,079,025 | 29,065,800 | 8,855,175 | | 221,934,200 | 29,065,800 | 251,000,000 |
| | TRBAA (as of 30Sep03) | (38,907,501) | (1,061,600) | (1,616,925) | | (40,524,426) | (1,061,600) | (41,586,026) |
| | Standby Credit | (1,071,298) | (134,259) | (44,521) | | (1,115,819) | (134,259) | (1,250,078) |
| | Total | 173,100,226 | 27,869,941 | 7,193,729 | - | 180,293,955 | 27,869,941 | 208,163,896 |
| SCE | Gross Load | 84,358,000 | 84,358,000 | 84,358,000 | | 84,358,000 | 84,358,000 | 84,358,000 |
| | Utility Specific Access Charges (\$/kWh) | 2.0520 | 0.3304 | 0.0853 | | 2.1372 | 0.3304 | 2.4676 |
| | Effective Date | 1-Sep-02 ER02-925 | | 1-Sep-02 ER02-925 | | | | |
| | Docket # | 1-Jan-04 ER04-?? | | 1-Jan-04 ER04-?? | | | | |
| SDGE | Base TRR | 53,195,000 | 53,750,000 | 10,799,000 | 17,899,000 | 63,994,000 | 71,649,000 | 135,643,000 |
| | TRBAA (as of 30Sep03) | (17,102,713) | (3,827,323) | (326,231) | (110,153) | (17,428,944) | (3,937,476) | (21,366,420) |
| | Standby Credit | (240,756) | (243,303) | (49,251) | (80,690) | (290,007) | (323,993) | (614,000) |
| | Total | 35,851,531 | 49,679,374 | 10,423,518 | 17,708,157 | 46,275,049 | 67,387,531 | 113,662,580 |
| SDGE | Gross Load | 19,404,874 | 19,404,874 | 19,404,874 | 19,404,874 | 19,404,874 | 19,404,874 | 19,404,874 |
| | Utility Specific Access Charges (\$/kWh) | 1.8476 | 2.5601 | 0.5372 | 0.9126 | 2.3847 | 3.4727 | 5.8574 |
| | Effective Date | 1-Oct-03 ER03-601 | | 1-Oct-03 ER03-601 | | | | |
| | Docket # | 1-Jan-04 ER04-?? | | 1-Jan-04 ER04-?? | | | | |
| Vernon | Base TRR | 10,216,178 | | | | 10,216,178 | | 10,216,178 |
| | TRBAA (as of 30Sep03) | (225,814) | | | | (225,814) | | (225,814) |
| | Standby Credit | - | | | | - | | - |
| | Total | 9,990,364 | | | | 9,990,364 | | 9,990,364 |
| Vernon | Gross Load | 1,210,668 | | | | 1,210,668 | | 1,210,668 |
| | Utility Specific Access Charges (\$/kWh) | 8.2519 | | | | 8.2519 | | 8.2519 |
| | Effective Date | 1/1/2003 EL03-31 | | | | | | |
| | Docket # | 1/1/2004 EL04-34 | | | | | | |

1 January 2004 ISO Access Charge Rate
HIGH VOLTAGE AND LOW VOLTAGE COMPONENTS

| PTO | HV TRR | LV TRR | New HV Facilities | New LV Facilities | Total HV Filed TRR | Total LV Filed TRR | Info Only | |
|----------------------|--|--------------|-------------------|-------------------|--------------------|--------------------|--------------|---------------|
| | | | | | | | Combined TRR | |
| Anaheim | Base TRR | 22,900,000 | | | 22,900,000 | | 22,900,000 | |
| | TRBAA (as of 30Sep03) | (762,079) | | | (762,079) | | (762,079) | |
| | Standby Credit | - | | | - | | - | |
| | Total | 22,137,921 | | | 22,137,921 | | 22,137,921 | |
| | Gross Load | 2,589,830 | | | 2,589,830 | | 2,589,830 | |
| | Utility Specific Access Charges (\$/kWh) | 8.5480 | | | 8.5480 | | 8.5480 | |
| Effective Date | 1/1/2003 EL03-15 | | | | | | | |
| Docket # | 1/1/2004 EL04-40 | | | | | | | |
| Azusa | Base TRR | 1,500,000 | | | 1,500,000 | | 1,500,000 | |
| | TRBAA (as of 30Sep03) | (107,415) | | | (107,415) | | (107,415) | |
| | Standby Credit | - | | | - | | - | |
| | Total | 1,392,585 | | | 1,392,585 | | 1,392,585 | |
| | Gross Load | 239,575 | | | 239,575 | | 239,575 | |
| | Utility Specific Access Charges (\$/kWh) | 5.8127 | | | 5.8127 | | 5.8127 | |
| Effective Date | 1/1/2003 EL03-14 | | | | | | | |
| Docket # | 1/1/2004 EL04-35 | | | | | | | |
| Banning | Base TRR | 1,105,000 | 53,647 | | 1,105,000 | 53,647 | 1,158,647 | |
| | TRBAA (as of 30Sep03) | (127,086) | - | | (127,086) | - | (127,086) | |
| | Standby Credit | - | - | | - | - | - | |
| | Total | 977,914 | 53,647 | | 977,914 | 53,647 | 1,031,561 | |
| | Gross Load | 139,457 | 139,457 | | 139,457 | 139,457 | 139,457 | |
| | Utility Specific Access Charges (\$/kWh) | 7.0123 | 0.3847 | | 7.0123 | 0.3847 | 7.3970 | |
| Effective Date | 1/1/2003 EL03-21 | | | | | | | |
| Docket # | 1/1/2004 EL04-?? | | | | | | | |
| Riverside | Base TRR | 17,500,000 | | | 17,500,000 | | 17,500,000 | |
| | TRBAA (as of 30Sep03) | (558,940) | | | (558,940) | | (558,940) | |
| | Standby Credit | - | | | - | | - | |
| | Total | 16,941,060 | | | 16,941,060 | | 16,941,060 | |
| | Gross Load | 1,814,019 | | | 1,814,019 | | 1,814,019 | |
| | Utility Specific Access Charges (\$/kWh) | 9.3390 | | | 9.3390 | | 9.3390 | |
| Effective Date | 1/1/2003 EL03-20 | | | | | | | |
| Docket # | 1/1/2004 EL04-39 | | | | | | | |
| For Information Only | | | | | | | | |
| Total CAISO Grid | Base TRR | 495,448,837 | 363,624,518 | 80,935,108 | 17,899,000 | 576,383,946 | 381,523,518 | 957,907,463 |
| | TRBAA (as of 30Sep03) | (86,828,132) | (40,524,078) | (17,647,071) | (110,153) | (104,475,203) | (40,634,231) | (145,109,434) |
| | Standby Credit | (2,029,425) | (1,500,814) | (481,823) | (80,690) | (2,511,249) | (1,581,504) | (4,092,753) |
| | Total | 406,591,280 | 321,599,625 | 62,806,214 | 17,708,157 | 469,397,494 | 339,307,782 | 808,705,276 |
| | Gross Load | 193,145,655 | 187,291,563 | 187,152,106 | 19,404,874 | 193,145,655 | 187,291,563 | 193,145,655 |
| | Utility Specific Access Charges (\$/kWh) | 2.1051 | 1.7171 | 0.3356 | 0.9126 | 2.4303 | 1.8117 | 4.1870 |

ATTACHMENT B

