

MONTHLY FINANCIAL REPORT

April 2007

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
MONTHLY FINANCIAL REPORT - April 2007

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CALIFORNIA ISO

SUMMARY, DISCUSSION AND COMMENTARY

For the four-month period ended April 30, 2007

The ISO

OPERATIONS: (pages 1, 5, 6, and 7)

- ♦ Operating Revenues for April were \$15.4M, \$0.3M higher than budget.
 - The variance was primarily due to higher interest income offset by lower estimated GMC.
- ♦ Operating Revenues for the year were \$67.9M, \$6.8M higher than budget.
 - The variance was primarily due to higher interest income and to the SDG&E GMC net refund of \$6.5M.
- ♦ O&M expenses for April were \$13.6M, \$1.4M lower than the budget.
 - The variance was primarily due to an accrual adjustment to salaries and benefits.
- ♦ O&M expenses for the year were \$51.1M, \$25K lower than budget.
- ♦ At month end, there were 516 full-time employees compared to the 541 full-time employees budgeted.

BALANCE SHEET: (page 2)

- ♦ The changes to the accounts are due to the annual 2000 series bond principal payment, two preliminary cash clearings during the month and the issuance of the 2007 bonds.

CAPITAL PROJECTS: (pages 3 and 8)

- ♦ 2007 approved capital expenditures were budgeted for the year at \$52.5M. Period to date actual expenditures for 2007 capital projects totaled \$11.6M. Expenditures for 2006 approved capital projects totaled \$2.3M. Capital expenditures for 2006 and 2007 approved projects will be funded by the proceeds of the 2004 and 2007 bonds.
- ♦ 2007 capital projects approved through April totaled \$50.2M and include \$45.1M for MRTU projects.

INTEREST COSTS: (page 9)

- ♦ During April, the ISO bond interest rates averaged 3.79%, 0.20% lower than the budgeted rate of 3.99%.

CALIFORNIA ISO SUMMARY, DISCUSSION AND COMMENTARY

For the four-month period ended April 30, 2007

The ISO Markets

MARKET CHARGES: (page 4)

- ◆ Charges for the market (including GMC and FERC Fees) settled in April amounted to \$132.3M (January 2007 trade month) compared to \$132.4M (December 2006 trade month) in March (December 2006 trade month).

ISO MARKET COSTS: (page 10 and 11)

- ◆ The total costs managed by the ISO include GMC, RMR, A/S Capacity, Real Time Energy and Transmission.

OBLIGATIONS OF MARKET PARTICIPANTS: (pages 12 and 13)

- ◆ Both PG&E and SCE are now only required to collateralize their GMC obligations.
- ◆ The new credit policy took effect on May 12, 2006 and the report reflects the new standards, estimates, and credit limits.

TIMELINESS OF MARKET COLLECTIONS: (page 14)

- ◆ Twenty six payments (of 290 invoices) in the January 2007 cash clearing were received late compared to twenty-one payments (of 251 invoices) in the December 2006 cash clearing.

CALIFORNIA ISO

Statement of Operations

For the four-month period ended April 30, 2007
(dollars in thousands)

	Month				Year to Date				2007
	Actual	Budget	Variance	Var (%)	Actual	Budget	Variance	Var (%)	Budget
Revenues:									
Grid Management Charge	\$ 13,500	\$ 14,256	\$ (756)	-5%	\$ 62,654	\$ 57,972	\$ 4,682	8%	\$ 188,313
Fines, WSCC & Other Fees	735	576	159	28%	520	2,304	(1,784)	-77%	6,912
Interest income & other	1,142	193	949	492%	4,712	772	3,940	510%	2,317
Total revenues	15,377	15,025	352	2%	67,886	61,048	6,838	11%	197,542
Operating Expenses:									
Salaries and Benefits	8,557	10,001	(1,444)	-14%	30,165	30,163	2	0%	87,180
Building, Leases and Facility	845	780	65	8%	3,108	3,120	(12)	0%	9,359
Insurance	47	9	38	-	1,830	1,849	(19)	-	2,209
Third Party Vendor Contracts	501	2,147	(1,646)	-77%	5,626	7,865	(2,239)	-28%	22,915
Consulting and Contracting Services	2,247	725	1,522	210%	5,423	3,112	2,311	74%	8,396
Legal and Audit	784	730	54	7%	2,537	2,577	(40)	-2%	6,900
Training, Travel and Professional Dues	403	371	32	9%	1,466	1,478	(12)	-1%	4,316
Other	234	214	20	9%	897	914	(17)	-2%	2,530
Total operating expenses	13,618	14,977	(1,359)	-9%	51,052	51,078	(26)	0%	143,805
Net operating income (loss)	1,759	48	1,711	3565%	16,834	9,970	6,864	69%	53,737
Interest and Other Expenses									
Interest expense	762	577	185	32%	4,363	2,291	2,072	90%	6,913
Depreciation and amortization	1,207	1,207	-	-	4,947	4,947	-	-	25,200
Total interest and other expenses	1,969	1,784	185	10%	9,310	7,238	2,072	29%	32,113
Excess (Deficiency) of Revenues Over Expenses	\$ (210)	\$ (1,736)	\$ 1,526	-88%	\$ 7,524	\$ 2,732	\$ 4,792	175%	\$ 21,624
Number of Full-time Employees	516	541	(25)	-5%					541

CALIFORNIA ISO
Balance Sheet (Preliminary and Unaudited)

As of April 30, 2007

(dollars in thousands)

	<u>Current Month</u>	<u>Prior Month</u>	<u>Change</u>
ASSETS			
NET ELECTRIC UTILITY PLANT	<u>\$ 174,355</u>	<u>\$ 170,291</u>	<u>\$ 4,064</u>
CURRENT ASSETS			
Unrestricted Cash and Cash Equivalents	47,475	24,054	23,421
Restricted Cash and Cash Equivalents	129,624	77,922	51,702
Accounts Receivable, net	28,373	48,268	(19,895)
Investments	95,825	95,462	363
Accrued Interest	1,370	971	399
Prepayments	<u>1,334</u>	<u>1,334</u>	<u>-</u>
Total Current Assets	<u>304,001</u>	<u>248,011</u>	<u>55,990</u>
NONCURRENT ASSET AND DEFERRED CHARGES			
Unamortized debt expenses and other	<u>2,140</u>	<u>2,314</u>	<u>(174)</u>
Total Noncurrent Asset and Deferred Charges	<u>2,140</u>	<u>2,314</u>	<u>(174)</u>
TOTAL ASSETS	<u>\$ 480,496</u>	<u>\$ 420,616</u>	<u>\$ 59,880</u>
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION			
Stakeholders' Surplus	\$ 169,760	\$ 169,970	\$ (210)
Long-term Debt	<u>178,328</u>	<u>120,028</u>	<u>58,300</u>
TOTAL CAPITALIZATION	<u>348,088</u>	<u>289,998</u>	<u>58,090</u>
CURRENT LIABILITIES			
Long-term debt due within one year	50,700	49,000	1,700
Accounts Payable	21,376	21,832	(456)
Fines subject to refund	<u>59,317</u>	<u>58,771</u>	<u>546</u>
Total Current Liabilities	<u>131,393</u>	<u>129,603</u>	<u>1,790</u>
NONCURRENT LIABILITY AND DEFERRED CREDITS			
Other	<u>1,015</u>	<u>1,015</u>	<u>-</u>
Total Noncurrent Liability and Deferred Credits	<u>1,015</u>	<u>1,015</u>	<u>-</u>
TOTAL LIABILITIES	<u>132,408</u>	<u>130,618</u>	<u>1,790</u>
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 480,496</u>	<u>\$ 420,616</u>	<u>\$ 59,880</u>

CALIFORNIA ISO
Capital Projects Report

For the four-month period ended April 30, 2007
(dollars in thousands)

Capital Spending

	Approved Projects					
	<u>Month</u> <u>Actual</u>	<u>YTD</u> <u>Actual</u>	<u>2007</u> <u>Approved</u> <u>Projects</u>	<u>Projected</u> <u>Costs for</u> <u>Approved</u> <u>Projects</u>	<u>Original</u> <u>2007</u> <u>Budget</u>	<u>Future</u> <u>O&M</u>
Facilities	\$ -	\$ 4	\$ 1,600	\$ 1,600	\$ 2,000	\$ -
Market Redesign	1,422	4,274	23,035	23,035	22,991	
Technology Upgrade	2,491	6,594	22,030	22,030	21,983	
Main Operating Systems - All	-	-	1,050	1,050	2,275	
Other Systems - Corporate Support	360	712	2,509	2,509	3,225	
Total 2007 Capital Spending	<u>4,273</u>	<u>11,584</u>	<u>50,224</u>	<u>50,224</u>	<u>52,475</u>	<u>-</u>
2006 Capital Projects	<u>1,001</u>	<u>2,279</u>	<u>6,233</u>	<u>6,670</u>		
Total Capital	<u>\$ 5,273</u>	<u>\$ 13,863</u>	<u>\$ 56,457</u>	<u>\$ 56,894</u>	<u>\$ 52,475</u>	<u>\$ -</u>

CALIFORNIA ISO

Monthly Market Summary By Charge Type

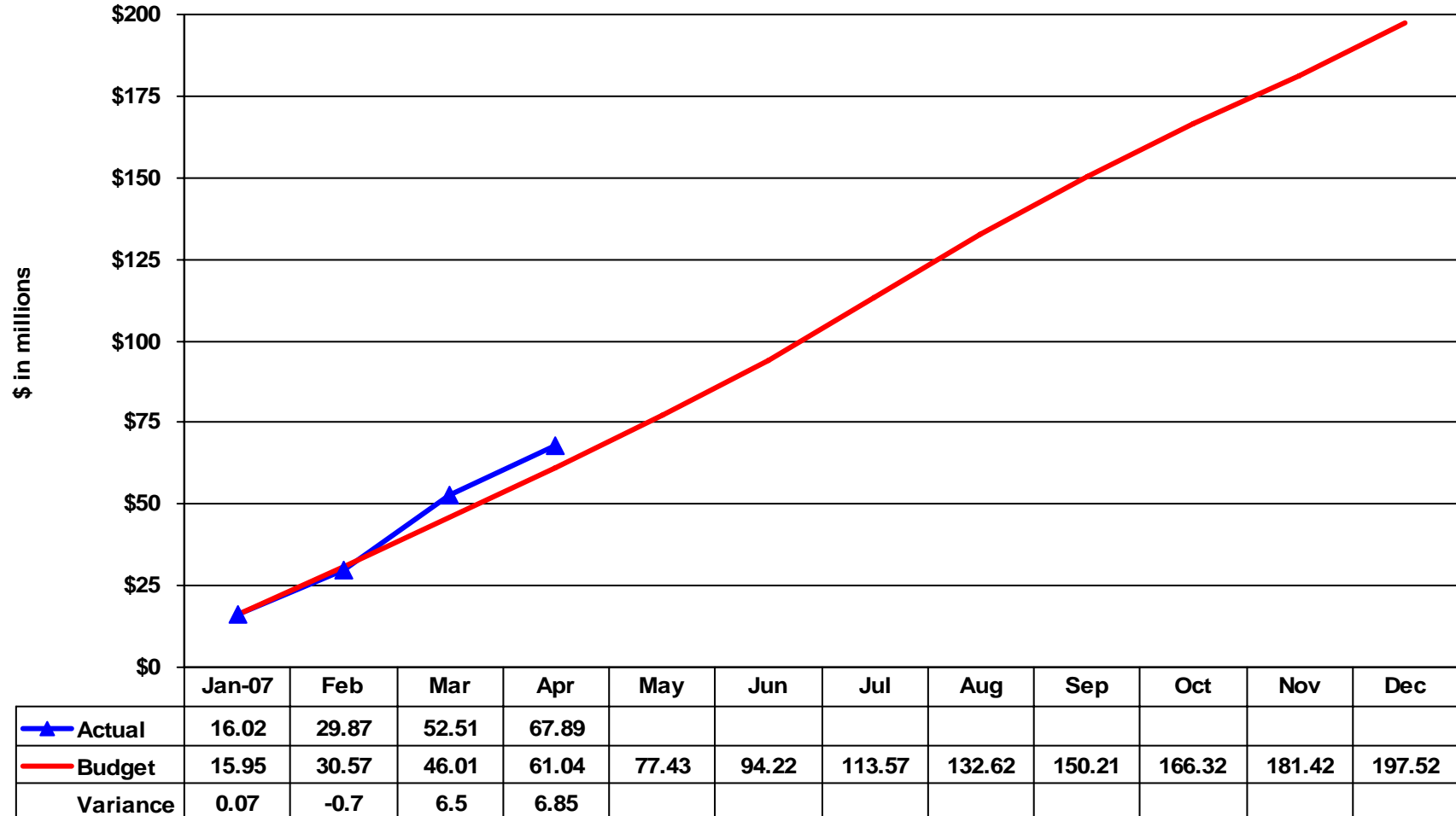
For the trade month January 2007 settled in April 2007

Charge Type	Type	Unit		Settlements Amount	
		Due SC	Due ISO	Due SC	Due ISO
Spin Reserve	MW	238,891	223,123	\$ 1,103,745	\$ 1,227,610
Non-Spin Reserve	MW	5,192,006	147,438	247,682	251,082
AGC/Regulation	MW	175,862	169,506	2,957,458	2,649,852
Replacement Reserve	MW	-	-	-	-
No-Pay Provision		19,786,151	65,676	244,736	244,802
Rational Buyer Adjustment		6,199	4,158,297	15	180,361
Total Ancillary Services		25,399,109	4,764,040	\$ 4,553,636	\$ 4,553,708
Energy (Note1)	MWh	939,297	12,158,038	\$ 35,526,486	\$ 43,458,473
Neutrality		20,348,177	-	7,997,761	39,861
Minimum Load Cost Compensation		62,150	473,873	4,297,379	4,297,271
Start-Up Cost Compensation		20,086,325	20,086,325	706,933	706,933
Emissions Cost Compensation		-	-	47,005	47,005
Voltage Support		-	7,904,138	133,559	133,559
Intermittent Resource Deviation		53,937	211,835	508,057	508,057
Total Energy		41,489,886	40,834,208	\$ 49,217,181	\$ 49,191,160
Inter-Zonal Congestion	MWh	1,015,892	4,256,226	\$ 5,932,074	\$ 5,959,288
Wheeling & High Voltage Access Charge	MWh	19,393,432	18,421,551	56,818,807	56,818,769
Others		10,405	104,039	567,862	10,634
FERC Fee		-	20,159,985	978	908,177
Penalty and Interest Charge		-	-	-	557,235
Total Transmission and Other		20,419,729	42,941,802	\$ 63,319,721	\$ 64,254,103
Total Market Billed by Charge Type		87,308,723	88,540,049	\$ 117,090,538	\$ 117,998,971
Other Billings					
Grid Management Charge		-	-	\$	14,209,533

Note 1 - Energy includes Supplemental Energy, Imbalance Energy and Unaccounted-For-Energy

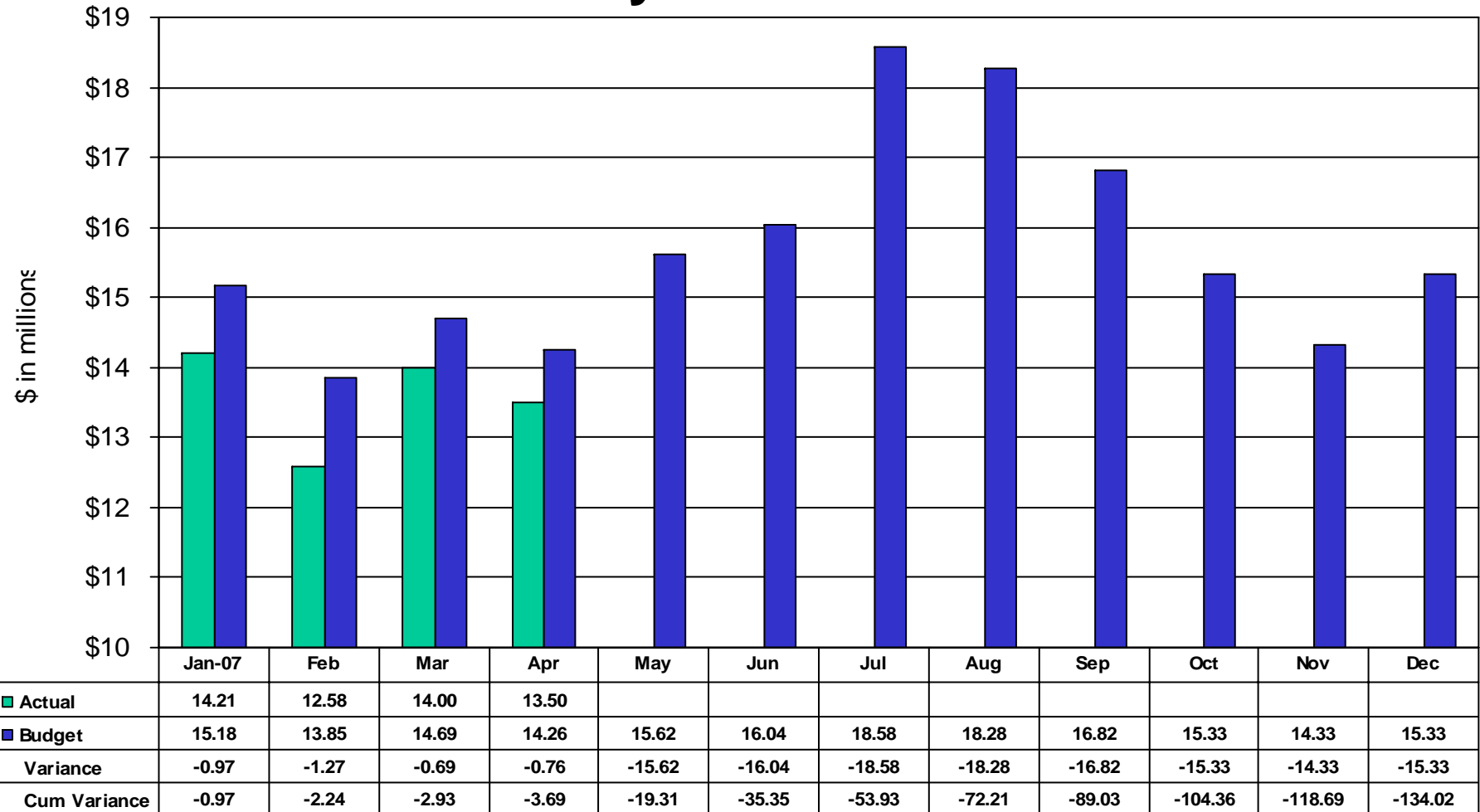
Cumulative Operating Revenues

Revenues = GMC, Interest, WSCC Security & Other Fees



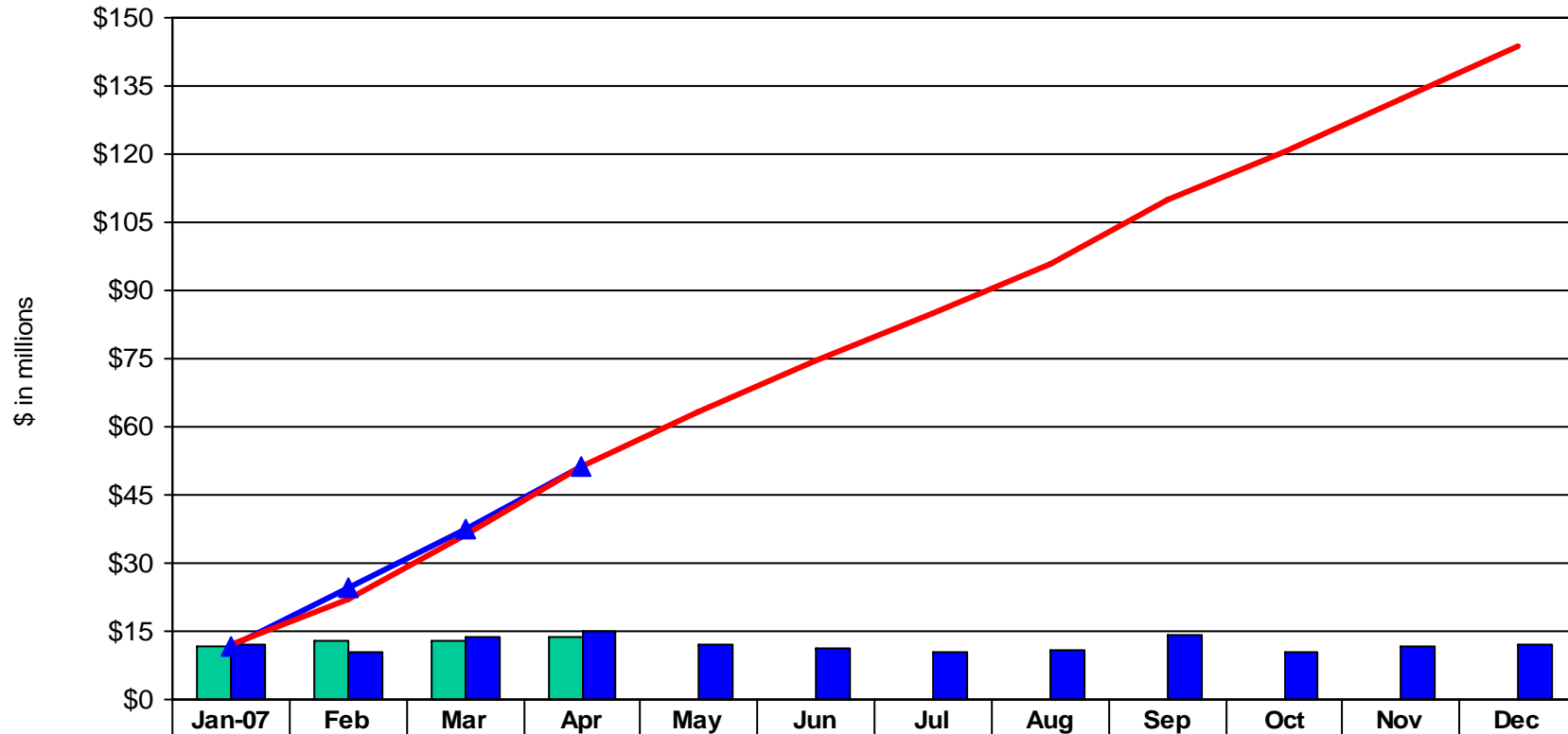
March and April revenues are estimates.

Monthly GMC Revenues



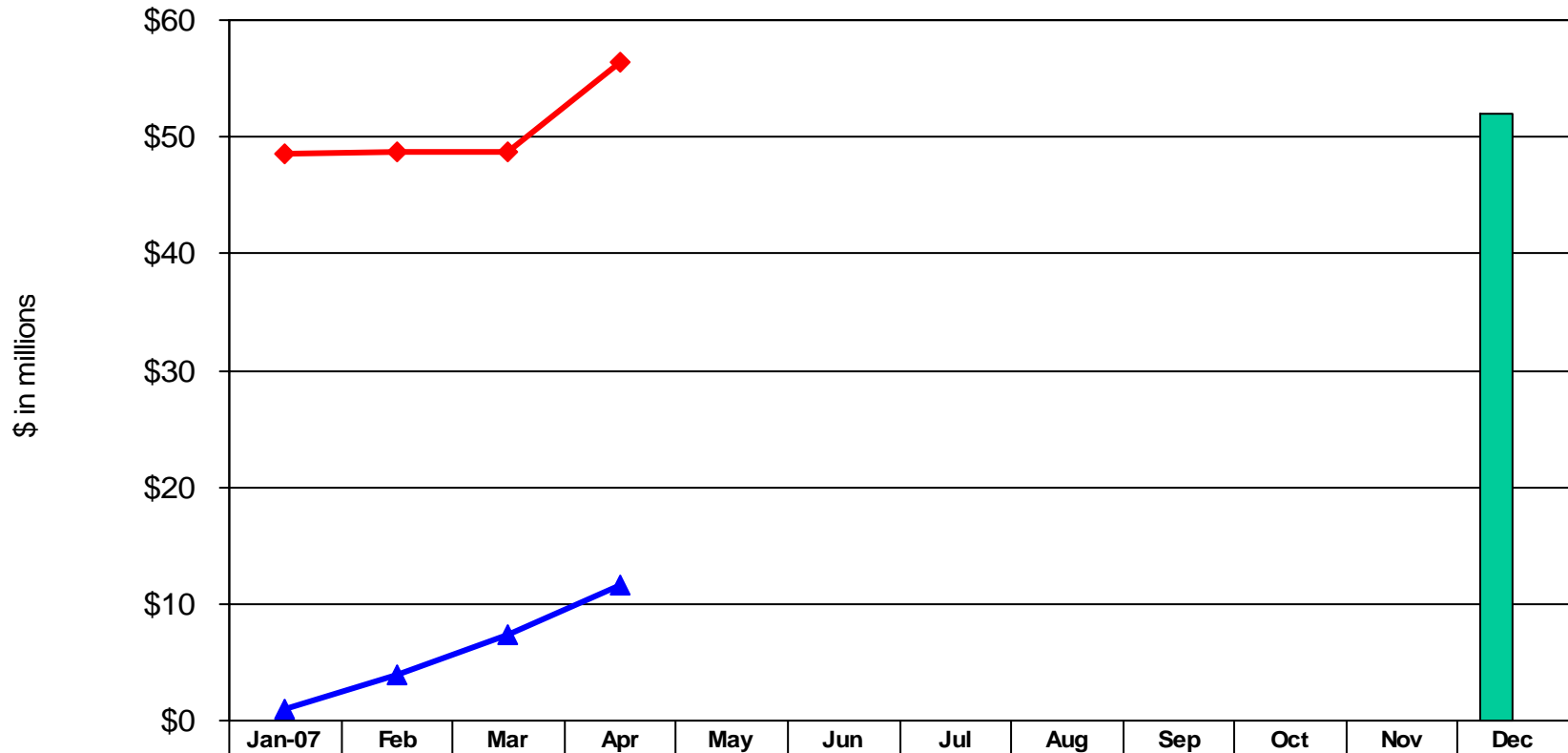
March and April revenues are estimates.





Operating and Maintenance Expenses (O&M)



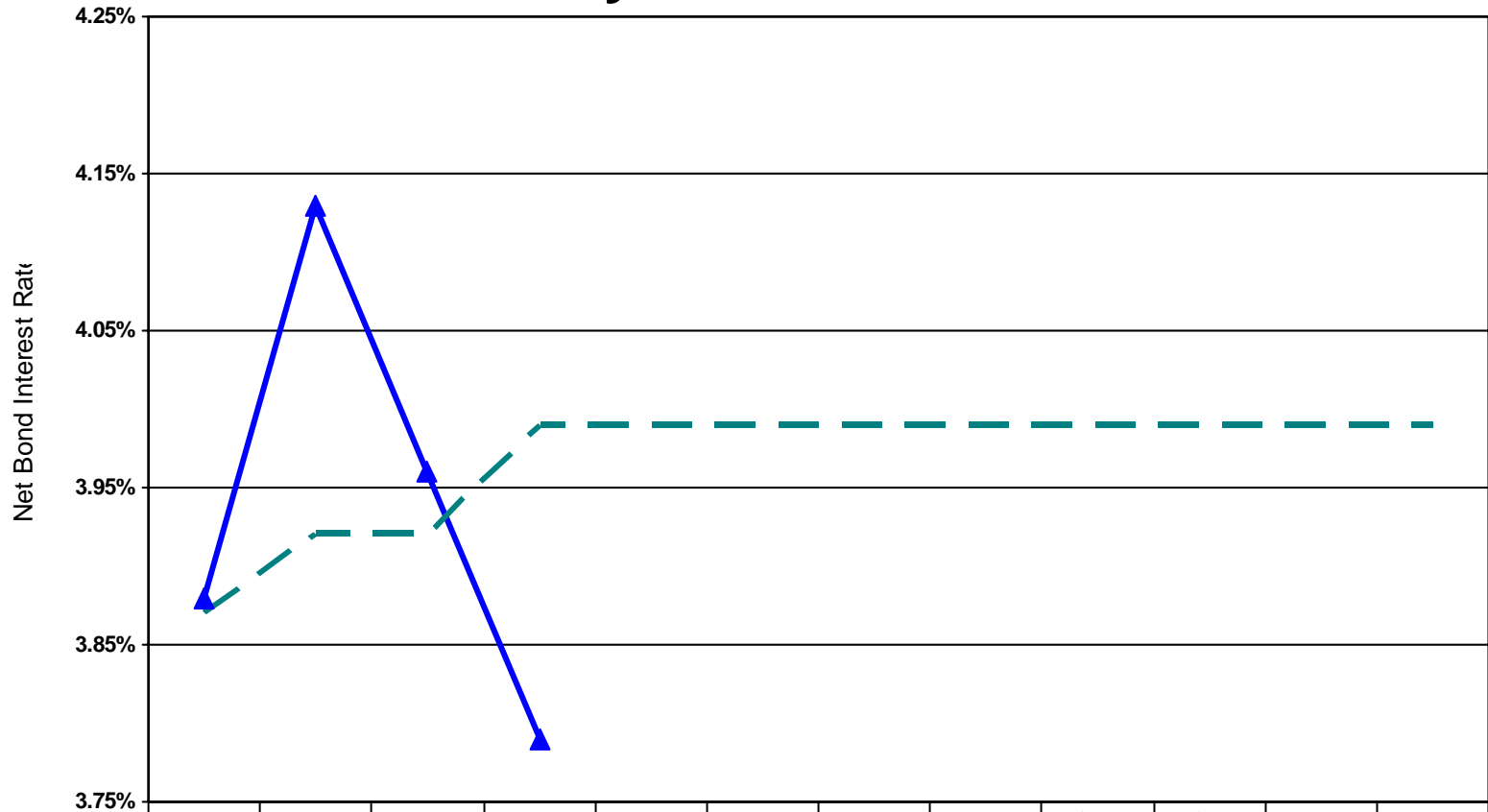
	Jan-07	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
■ Monthly Actual	11.66	12.82	12.96	13.62								
■ Monthly Budget	11.89	10.40	13.80	14.98	12.11	11.37	10.48	10.97	14.13	10.22	11.52	11.92
▲ Cum Actual	11.66	24.48	37.44	51.05								
— Cum Budget	11.89	22.29	36.09	51.07	63.18	74.55	85.03	96.01	110.14	120.36	131.88	143.81
Cum Variance	0.23	-2.18	-1.34	0.02								

Cumulative Capital Expenditures



	Jan-07	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
 Budgeted capital												52.00
 2007 O&M Impact	0.00	0.00	0.00	0.00								
 Cumulative Expenditures	1.00	3.96	7.30	11.58								
 Approved projects	48.59	48.68	48.68	56.45								

ISO Monthly Debt Rates

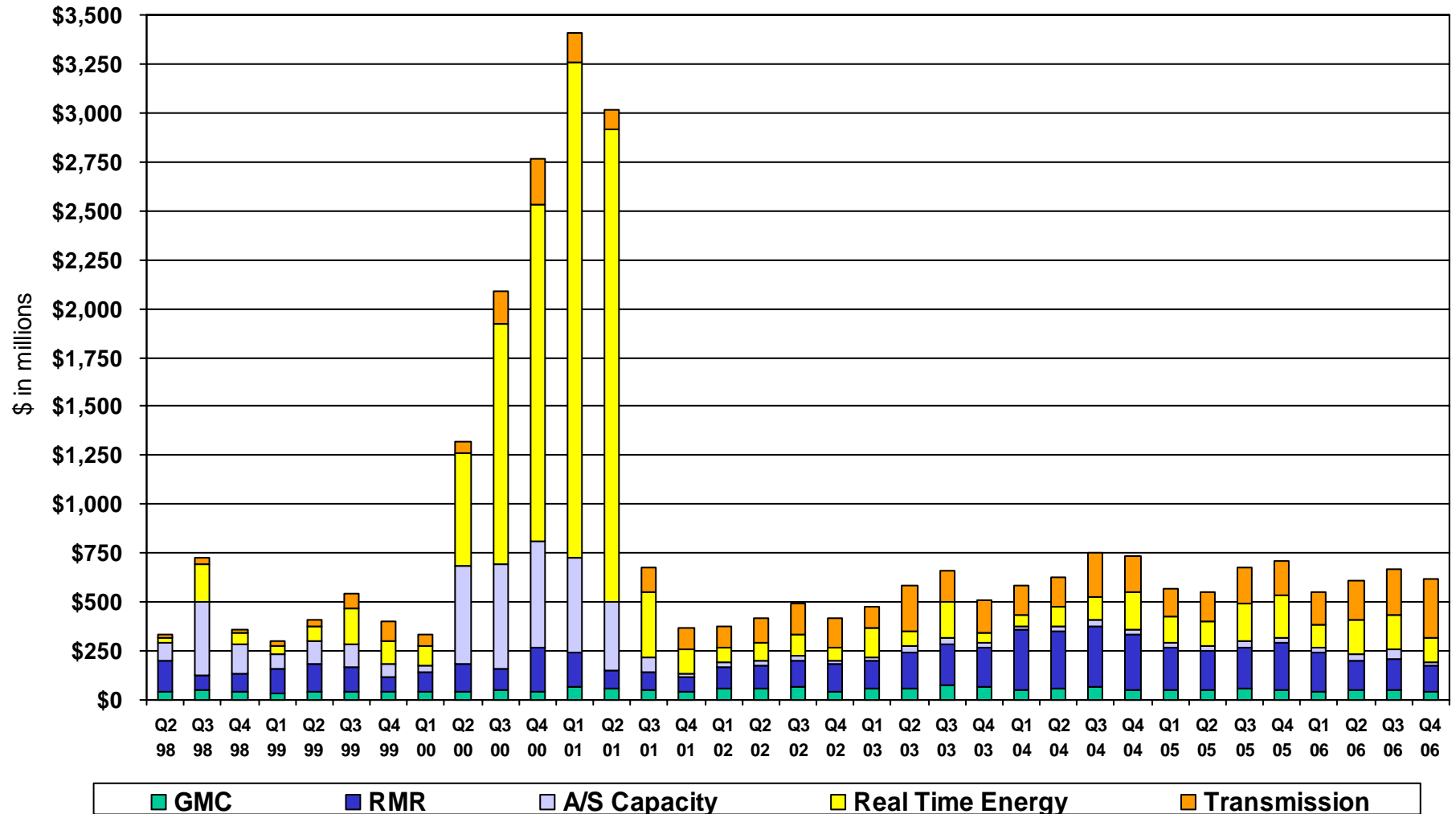


	Jan-06	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
▲ Net Int. Rate (All Bonds)	3.88%	4.13%	3.96%	3.79%								
— Budgeted Net Int. Rate	3.87%	3.92%	3.92%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%

These rates do not include adjustments for amortization of bond issuance costs and remarketing fees.

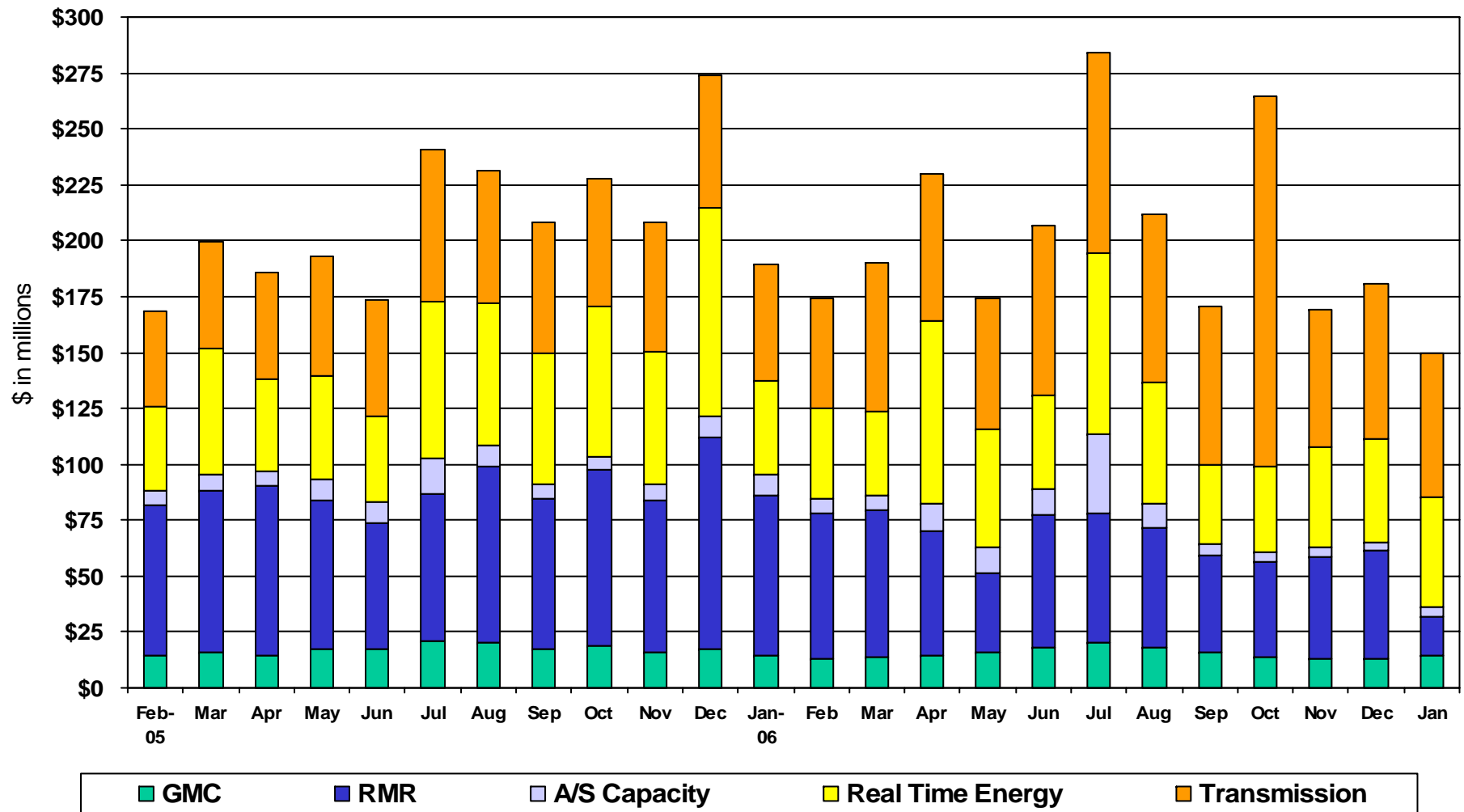
CAISO Market Costs By Quarter

2nd Quarter 1998 (Inception) through 4th Quarter 2006

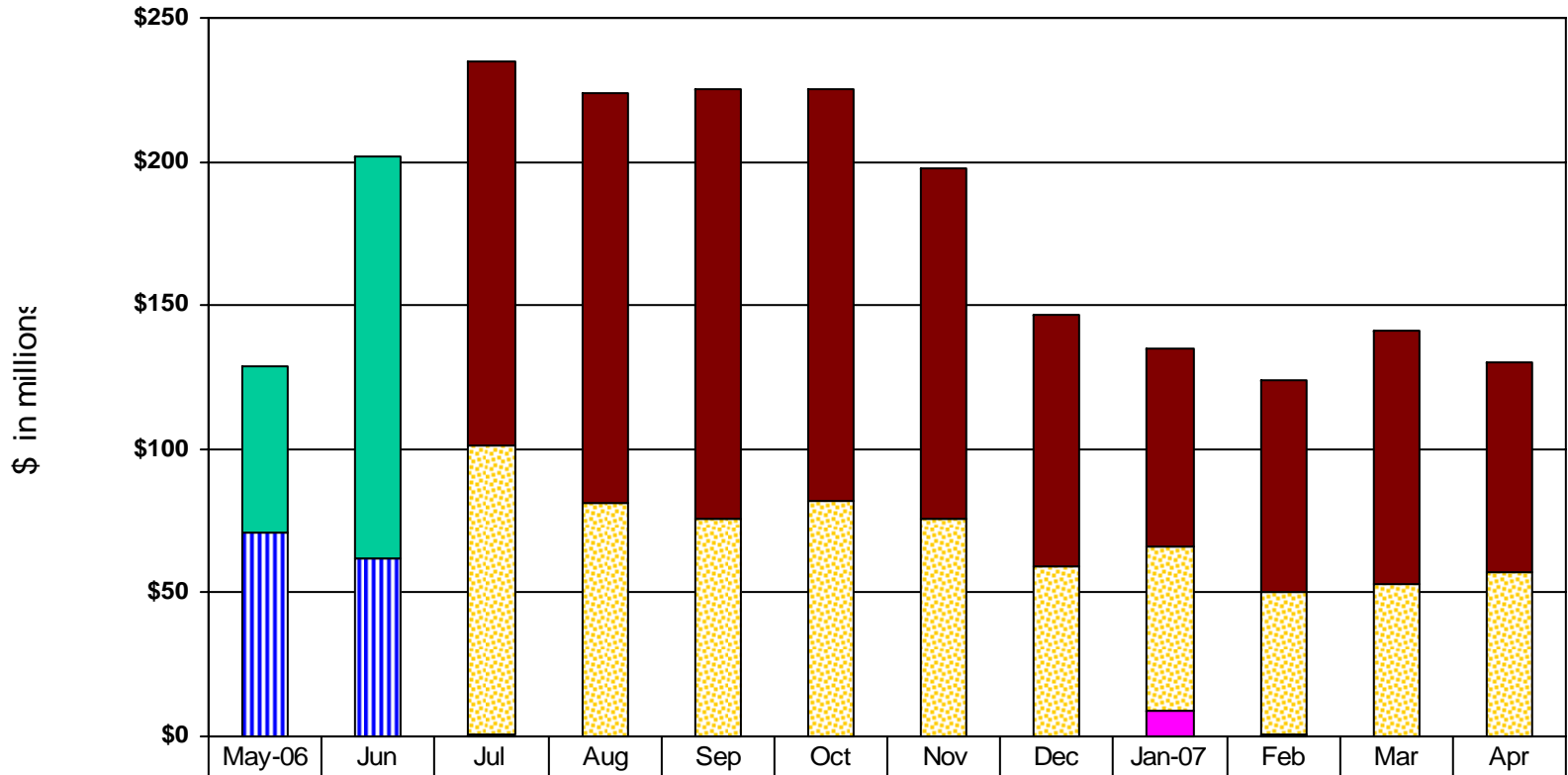




CAISO Market Costs By Month February 2005 through January 2007



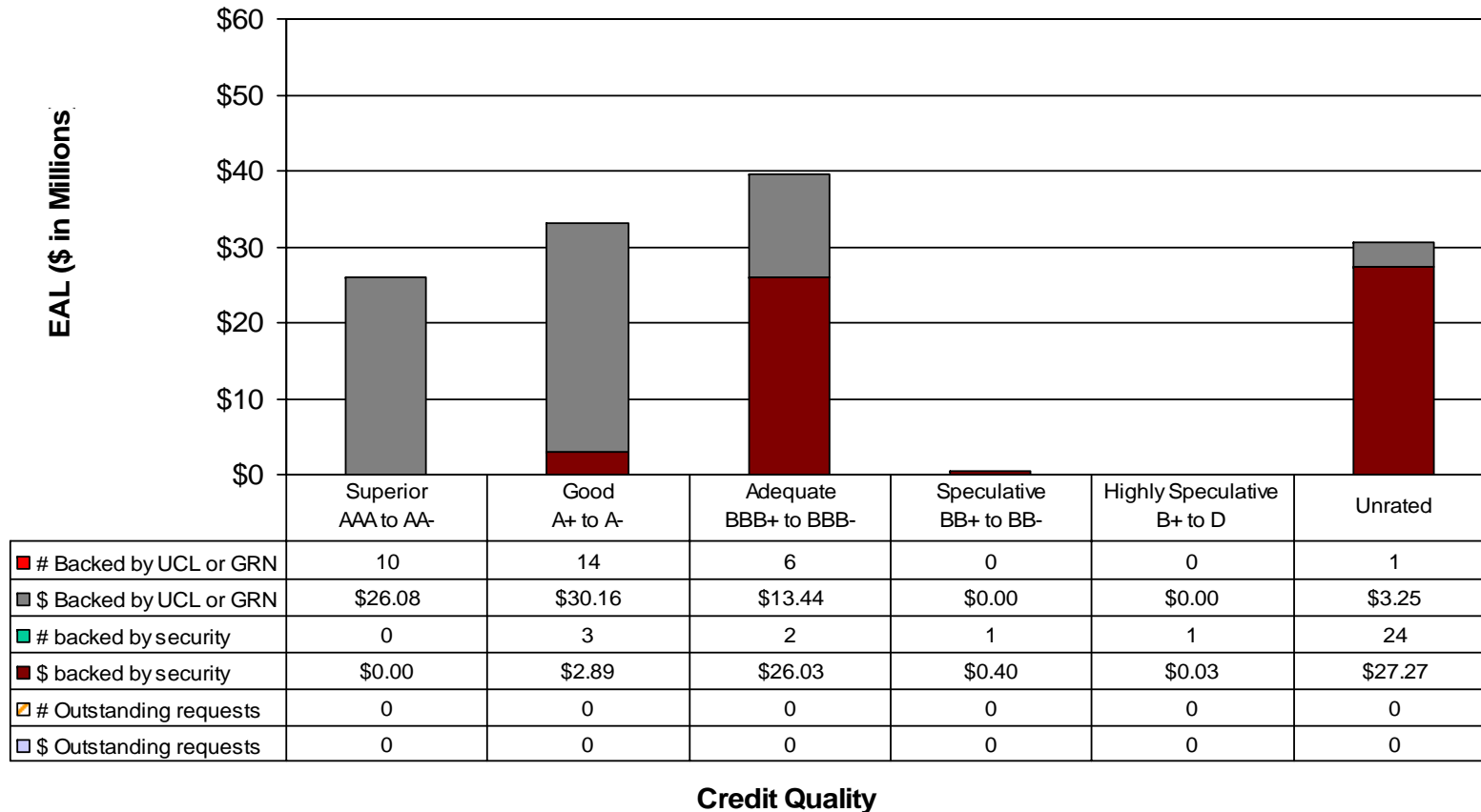
Outstanding Obligations of Market Participants



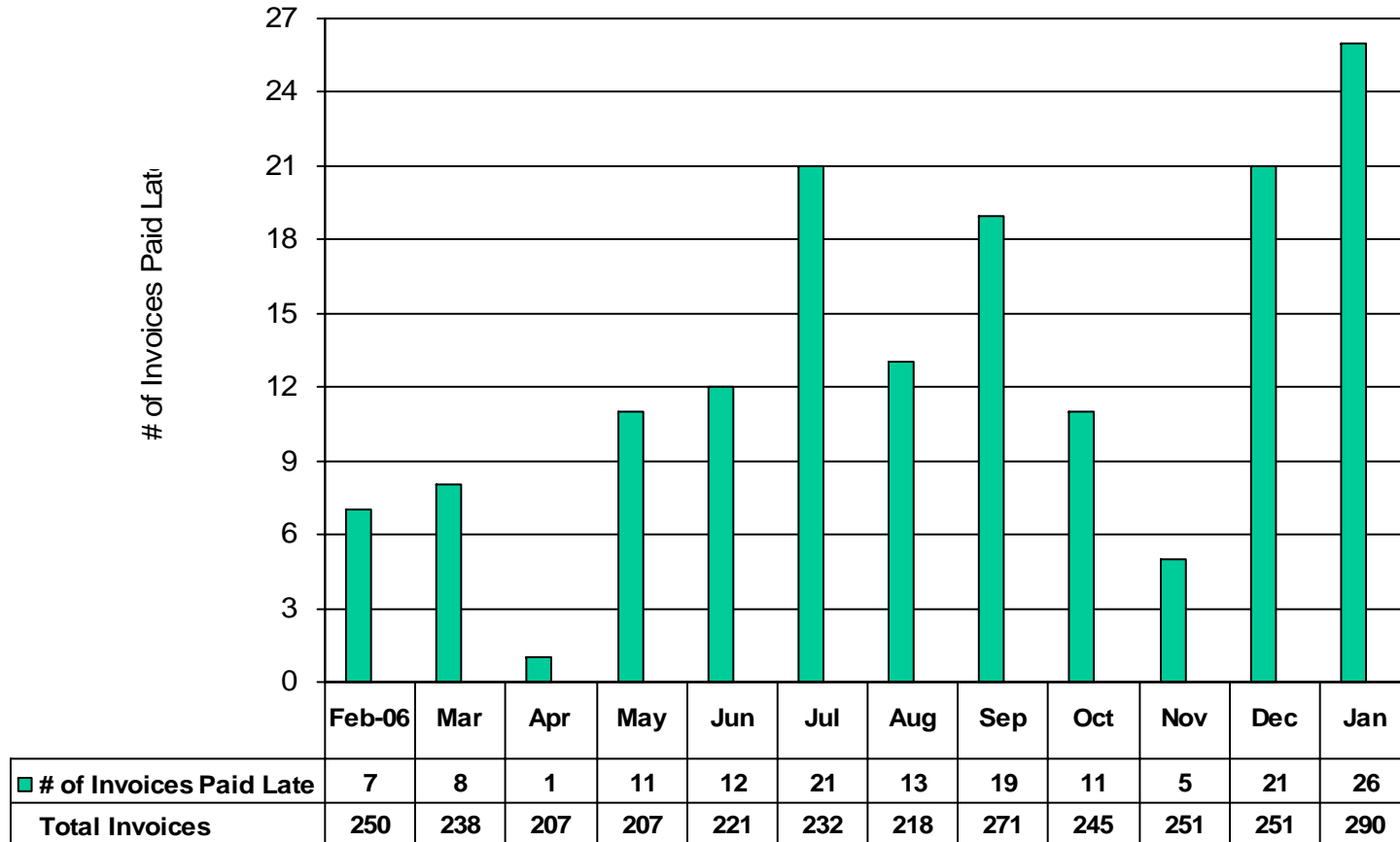
	May-06	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-07	Feb	Mar	Apr
■ Backed by UCL or GRN			134	143	149	143	122	88	69	74	88	73
■ Backed by posted security			100	81	76	82	76	59	57	49	53	57
■ Outstanding security requests			1	0	0	0	0	0	9	1	0	0
■ SCs with approved credit ratings	58	140										
■ SCs with posted security	71	62										

As of June 19, the CAISO completed its transition to a new approach for assigning unsecured credit limits (UCL). Effective May 2006, outstanding obligations are estimated using available historical settlements data in contrast with the use of SCALE application data (SCALE is currently inoperative) in previous months. Posted security includes letters of credit, surety bonds, cash deposits held in escrow, certificates of deposit, payment bonds, and prepayments to the CAISO. The "Backed by UCL or GRN" category includes Unsecured Credit Limits (UCL) and Guarantees (GRN).

Backing for Estimated Aggregate Liability (EAL) by Credit Quality



Timeliness of Market Collections



Payment shown late if not paid by close of business on payment due date.