



2007 Annual Corporate Goals  
Metrics Progress Report through Third Quarter (September 30, 2007)

Progress to Date / Comments

Status

Stretch

2007 Metric

Target

Threshold

**I. Deliverables**

**A. Excellence in Grid and Market Operations (25%)**

**1) Meet all Western Electricity Coordinating Council Reliability Standards**

i. Reliability Standard CPS-1 (Number of months achieving at least 100% score)	12	Same as Threshold	Same as Threshold		Nine of 9 months achieving at least 100% score. (Range: 183% to 190%); Average-to-Date 187.06% (as of September 19, 2007.)
ii. Reliability Standard CPS-2 (Number of months achieving at least a 90% score)	12	Same as Threshold	Same as Threshold		Nine of 9 months achieving at least 90% score. (Range: 95% to 97%) Average-to-Date 96.46% (as of September 19, 2007.)
iii. Reliability Standard DCS (Maximum number of violations)	2	1	0		Zero violations through September 19, 2007. 139 Year-to-date disturbances (11 disturbances inside the ISO).
iv. Reliability Standard OTC (Maximum Number of violations)	2	1	0		One violation reported to WECC through September 19, 2007 occurring on March 20 on Path 15 (Midway-Los Banos). Thermal Limit, Over Limit = 144 MW; Duration = 274 minutes. Fine of \$4,800 was assessed. Subsequent investigation into the root cause of the violation yielded the source.
v. Operating Reserve Compliance (Number of violation declarations to WECC)	0	Same as Threshold	Same as Threshold		Zero violations through September 19, 2007.
vi. Reliability Standard (Number of Emergency Declarations)	5	4	3		One Stage 1 emergency declaration through August 31 that occurred on August 29 due to higher than forecast loads.
2) Reduce Reliability Management Costs	Total costs no more than \$50M above adjusted 2006 costs (estimated at \$375M)	Total costs no more than adjusted 2006 costs (estimated at \$325M)	Total costs no less than \$50M below adjusted 2006 costs (estimated at \$275M)		Reliability Management Costs (RMC) are tracking more than \$190M below the adjusted 2006 RMC through September 19. We are well on track to exceed the Stretch measure.

**B. Achieve Robust, Competitive Markets for Energy and Ancillary Services (20%)**

3) Market Redesign and Technology Upgrade (MRTU) Implemented on Schedule and within Budget	Same as Target	All CAISO systems, business processes, and personnel ready for MRTU Go-Live for trade date Feb 1, 2008 within Budget (\$189,223M)	All CAISO systems, business processes, and personnel ready for MRTU Go-Live for trade date Feb 1, 2008 within Budget (\$189,223M) Less Contingency		Integrated Market Simulation (IMS) Release 2 concluded on July 20. The release was a good opportunity to exercise the Day-Ahead Market and did not meet all of the Market Participants' expectations. IMS Release 3 incorporated market participant feedback and was successfully started on September 24 exercising the Day-Ahead, Hourly Scheduling Process and Real-Time Markets. While the California ISO has extended the start of MRTU to April 1, 2008, internally we are driving to a February 1, 2008 readiness date for all business processes, systems, and employees.
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On Track for Stretch   
 On Track for Target   
 Behind, But Managing Toward Target   
 Threatened   
 Achieved Stretch   
 Achieved Target   
 TBD - To Be Determined



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**II. Enablers**

**A. Energy Infrastructure Development (20%)**

<p>The following projects are at different stages of regulatory approval with the CPUC: Antelope-Pardee(Segment 1, Tehachapi), Antelope Transmission Project (Segments 2 and 3, Tehachapi), Tehachapi Renewable Transmission Project (Segments 4 through 11), Sunrise Powerlink, and Palo Verde-Devers No. 2. Due to the nature and timing of the regulatory approval process, this goal is currently noted as TBD. Additionally, Trans Bay Cable received all regulatory approvals regarding permits. Potential capacity increases by February 2008 include the Southern California Import Transmission (SCIT) consisting of increase of 400 MW by New Miguel – Old Town 230 KV line, shunt capacitors at Miguel and Valley, and 100 MW of new peakers in SCE service territory providing necessary voltage support; and 1100 MW Vaca Dixon 500/230kV Transformer.</p>			
<p><b>4) Transmission Capacity Increase</b></p>	<p>50% of the transmission projects, approved by California ISO Board of Governors through 1st Quarter, 2007 receive regulatory approval by February 2008</p>	<p>100% of the transmission projects, approved by California ISO Board of Governors through 1st Quarter 2007 receive regulatory approval by February 2008</p>	<p>TARGET PLUS 800 MW increase in transmission capacity by February 2008</p> <p align="center"><b>TBD</b></p>

**B. People/Skills Development (10%)**

**5) Employee Skill Development: Percent of targeted population fulfilling skill gaps**

<p><b>i. Skills for Operators for MRTU</b></p>	<p>100%</p>	<p>Same as Threshold</p>	<p>Same as Threshold</p>	<p>On track for acquiring required new skills prior to MRTU deployment. Assessment on applying the new skills continually being performed. To date, 100% (67 of 67 real time operators) have completed MRTU Training (Levels 100, 200, 300) and role-based training is underway.</p>
<p><b>ii. Advanced skills for Engineers to meet long-term corporate objectives</b></p>	<p>25%</p>	<p>30%</p>	<p>35%</p>	<p>To date, 20% (9 of 45 engineers) have completed training and skill application assessment. Another class is underway. Expecting to achieve Target measure and achieving the Stretch measure is likely.</p>
<p><b>iii. Advanced business/economic skills</b></p>	<p>25%</p>	<p>30%</p>	<p>35%</p>	<p>To date, 35% (28 of 80 targeted individuals) completed required training and demonstrated application of these skills.</p>

**6) "Employer of Choice" Best Practices Assessment: (X%) of employees providing favorable rating (X% or more) in the areas of:**

<p>i. Communication</p>	<p>70%</p>	<p>75%</p>	<p>80%</p>	<p>Employee survey to be managed by an independent third party is scheduled for distribution in the mid 4th quarter, 2007. Currently working with independent third party to update the employee survey components.</p> <p align="center"><b>TBD</b></p>
<p>ii. Respect</p>	<p>70%</p>	<p>75%</p>	<p>80%</p>	
<p>iii. Job Satisfaction</p>	<p>70%</p>	<p>75%</p>	<p>80%</p>	
<p>iv. Career Management/Professional Development Opportunities</p>	<p>70%</p>	<p>Same as Threshold</p>	<p>75%</p>	
<p>v. Cross-Divisional Teamwork (i.e., communication, coordination, cooperation)</p>	<p>70%</p>	<p>Same as Threshold</p>	<p>75%</p>	

	On Track for Stretch		On Track for Target		Behind, But Managing Toward Target		Threatened		Achieved Stretch		Achieved Target		TBD - To Be Determined
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III. Satisfiers

Enhance Customer Service (10%)

<p>7) <b>Timeliness of Issue Resolution</b></p>	<p>75% of the time, the 5-day goal for responding or referring inquiry is met. Within 5 business days, inquiries to Customer Services and Industry Affairs are either: 1) Answered and closed; OR 2) Referred via the corporate-wide tool to other departments for a response.</p>	<p>75% of the time, the 5-day goal for responding or setting expectation is met. (The organization receiving the referral will respond within 5 business days with either: 1) Information closing the issue; OR 2) An estimate of time necessary to provide information to close the issue.)</p>	<p>TARGET PLUS 75% of the time the expected resolution date is met.</p>	<p>Testing in August was completed and areas for improvement were identified and addressed. August 31st was the kickoff. Current performance is meeting the Target measure. Insufficient data has been collected to assess Stretch measure.</p>
<p>8) <b>MRTU Readiness and Communication</b></p>	<p>4th Quarter customer survey documents that 70% of those surveyed agree that MRTU readiness/communications met their needs. (MRTU readiness communication efforts are assessed in 2nd Quarter customer survey. Related mitigation plans are successfully implemented and documented.)</p>	<p>4th Quarter customer survey documents that 80% of those surveyed agree that MRTU readiness/communications met their needs.</p>	<p>4th Quarter customer survey documents that 90% of those surveyed agree that MRTU readiness/communications met their needs</p>	<p>MRTU-related questions are included into the 2007 corporate survey, which is to be conducted in November. Prior to conducting the survey, the CAISO will publish a client-facing document to showcase improvements undertaken since the 2006 survey.  To date, no specific deficiencies in the readiness and communication processes have been identified.</p>
<p>9) <b>Stakeholder Process</b></p>	<p>Same as Target</p>	<p>Management memorandums and presentations to the Board facilitate Board decision process by accurately representing and clearly articulating Stakeholder positions, including identifying any remaining controversy.</p>	<p>Same as Target</p>	<p>The Board of Governors will determine Management's performance on this goal. We have taken actions to accurately represent and clearly articulate stakeholder positions and any controversy. We started by clarifying the internal process for managing stakeholder engagements and executing key service-level agreements supporting a consistent stakeholder process with specified roles and responsibilities. We also created the mechanism for clearly articulating stakeholder positions and any controversy. The Summary of Submitted Comments document and a matrix of stakeholder positions was deployed with the September's Board memorandums. High-level summaries of stakeholder positions are also included in the presentation material (slides).</p>

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<b>Overall Objective : Financial Management (Weight = 15%)</b>								
10) Establish GMC for the Coming Year Consistent with Corporate Goals	Same as Target	\$0.76	\$0.72				Preliminary proposed 2008 bundled GMC is \$0.756 / MWh. Approval of budget / GMC scheduled for December 2007 Board meeting.	
11) Actual Annual O&M Expenses Compared to Budgeted Amount (Score to be Prorated Based on Performance and or Savings)	\$146.3M while achieving at least 90% corporate score	\$143.8 M while achieving at least 90% corporate score	\$143.8M while achieving superior performance (>100%) or \$141.3M actual overall				Slightly under budget through August, 2007. Updated end of year budget forecasting process currently underway. Closely monitoring upward pressures.	
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					Achieved Stretch		Achieved Target	
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