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October 16, 2003

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

REGULATORY COMMISSION
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SECRET

**Re: California Independent System Operator Corporation
Docket No. ER03-942-000
Amendment No. 53 to the ISO Tariff**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO") respectfully submits for filing an original and six copies of its responses to questions presented in Commission Staff's letter in the above-captioned docket, dated August 7, 2003, and as further information in support of its June 10, 2003, filing.

On June 10, 2003, the California Independent System Operator Corporation ("ISO")¹ filed with the Commission proposed Amendment No. 53 to the ISO Tariff in the above-referenced docket, in which the ISO proposed certain modifications to the ISO Tariff relating to the manner in which it makes market payments. In response to the Amendment No. 53 filing, several parties submitted comments and/or protests. On July 16, 2003, the ISO filed a motion for leave to file answer and answer to these comments and protests. On August 7, 2003, Commission Staff issued a letter in this docket indicating that portions of the Amendment No. 53 filing were incomplete, and directing the ISO to complete or provide explanations regarding seven discussion points.²

¹ Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

² On August 14, 2003, ISO filed with the Commission a request for an extension of time until October 16, 2003 to file its response to the August 7 letter. The Commission granted this request in an order issued on August 18, 2003.

The ISO's responses to each of the points raised in the August 7 letter are as follows:

1. **For payments of default amounts owed for months during which no ISO debtor is in bankruptcy, the ISO proposes new Section 11.16.2 to the Tariff, which provides that the collection of defaulted receivables, excluding default interest, will be distributed to ISO creditors pro rata for the month of default.**
 - a. **Please provide an analysis exhibiting the impact of these provisions on market participants. Please include specific examples demonstrating that non-discriminatory treatment will result from these proposed allocations throughout all time periods and for all participants to which these provisions apply. The submission must submit supporting data, work papers, and other supporting documents necessary to understand the underlying calculations, accounting methods and the processes the ISO will use to implement the proposed allocation methodologies. Additionally, please identify the time periods associated with each calculation, when applicable.**

Response:

To put all of these answers in context, attached to this response is information on the status of receivables and payables in the ISO's Markets. Exhibit 1 includes the most recent ISO Market Certification Statement, which shows all of the unpaid balances of Market Participants that owe the ISO Market (ISO Debtors) and the aggregate of all of the unpaid balances of Market Participants that are owed by the ISO Market (ISO Creditors), prepared in accordance with Section 11.20.2 of the ISO Tariff. The amounts are displayed by billing month. A summary of all unpaid balances by month is as follows:

<u>Trade Month</u>	<u>Total Amounts Owed To the ISO Market</u>	<u>Total Amounts Owed By the ISO Market</u>
November 2000	\$ 460,606,282.21	\$ 490,302,262.04
December 2000	\$1,506,108,607.17	\$ 1,470,772,086.12
January 2001	\$ 431,506,366.82	\$ 458,072,850.60
February 2001	\$ 75,427.65	\$ 0.00
March 2001	\$ 1,555,932.89	\$ 0.00
April 2001	\$ 104,810.75	\$ 0.00
May 2001	\$ 39,458.38	\$ 0.00

June 2001	\$ 58,425,505.72	\$ 0.00
July 2001	\$ 13,010,021.12	\$ 10,277,476.61
August 2001	\$ 132,092.58	\$ 5,483,583.53
September 2001	\$ 7,693.93	\$ 0.00
October 2001	\$ 133.63	\$ 0.00
November 2001	\$ 15,636.39	\$ 0.00
December 2001	\$ 10,078.18	\$ 0.00
January 2002	\$ 7,828.46	\$ 0.00
March 2002	\$ 6,200.15	\$ 0.00
April 2002	\$ 30,161.82	\$ 0.00
May 2002	\$ 24,791.41	\$ 0.00
June 2002	\$ 3,924.31	\$ 0.00
July 2002	\$ 3,069.91	\$ 0.00
August 2002	\$ 2,321.63	\$ 0.00
September 2002	\$ 2,486.96	\$ 0.00
October 2002	\$ 4,671.95	\$ 0.00
November 2002	\$ 2,966.65	\$ 0.00
December 2002	\$ 2,319.77	\$ 0.00
January 2003	\$ 1,667.13	\$ 0.00
February 2003	\$ 361,249.51	\$ 0.00
March 2003	\$ 908,083.01	\$ 0.00
April 2003	\$ 203,201.14	\$ 0.00
May 2003	\$ 310,904.87	\$ 0.00
Total	\$ 2,473,473,896.10	\$ 2,434,908,248.90

This summary shows that there are thirty trade months in which amounts are owed to the ISO Market by ISO Debtors and five trade months in which the ISO Market owes ISO Creditors.

For the most part, proposed Section 11.16.2 will have little impact on Market Participants, because Section 11.16.2, in most respects, simply re-affirms the current ISO mechanism for disbursement of defaulted receivables that the ISO collects from ISO Debtors. Currently, if the ISO is unable, for a particular trade month, to fully pay all ISO Creditors due to the insufficiency of payment made by ISO Debtors for that month (after the ISO has had recourse to any credit support provided by the applicable Debtor or Debtors), the ISO reduces payments to all ISO Creditors pro rata in proportion to the net amounts payable to them on the relevant Payment Date, to the extent necessary to clear the ISO Clearing Account. The ISO then accounts for these reductions as amounts due and owing by the non-paying ISO Debtor or Debtors to each ISO Creditor whose payment was reduced. ISO Tariff, § 11.16.1 (Pro Rata Reduction to Payments). When a payment is made by an ISO Debtor who has an unpaid liability for a past period, or the ISO offsets this unpaid liability against a current balance owed to that Debtor, the ISO first attributes the amount of the payment or offset to the oldest month in which that Debtor has a default that has yet to be satisfied (*i.e.*, the oldest month for which the Debtor has yet to make

payments equal to the amount that it was invoiced as owing for that month). The ISO then disburses these amounts pro rata to the ISO Creditors for that month. See ISO Tariff, Scheduling and Billing Protocol ("SABP") §§ 6.9-6.10. For example, if a certain ISO Debtor had defaulted, for the first time, on amounts invoiced to it for the month of February 2001, then any subsequent payment made by that Debtor to the ISO would first be attributed to February 2001, up to the amount the Debtor defaulted for February 2001. The amount of the payment would then be disbursed pro rata to ISO Creditors for the month of February 2001. If the payment received by the ISO from the Debtor was more than the amount necessary to satisfy the amount by which the Debtor defaulted for February 2001, then the additional amount would be attributed to the next succeeding month in which that Debtor had defaulted, and so on, until all the defaults of that Debtor are satisfied in full.

Under proposed Section 11.16.2, defaulted receivables that are paid would still be first attributed to the month in which the oldest liability exists for the relevant ISO Debtor, and then distributed pro rata to ISO Creditors for that month, provided that there are still ISO Creditors for that month who have not been paid in full. Therefore, for months for which there still exist ISO Creditors, Section 11.16.2 would not change the manner in which funds are attributed and distributed, but would merely re-affirm the ISO's existing practice. Because there would be no change in the treatment of ISO Creditors, there would be no undue discrimination against any Market Participant from implementation of this aspect of proposed Section 11.16.2.

Proposed Section 11.16.2 also contains a mechanism to deal with distributions related to months in which all ISO Creditors have already been paid, but for which there still exist uncollected amounts from defaulting ISO Debtors.³ In that circumstance, any payment that the ISO receives from ISO Debtors who defaulted during those months would be applied pro rata beginning with ISO Creditors in the earliest unpaid trade month, *i.e.*, the earliest month for which there still exist unpaid balances for ISO Creditors. Consider, for example, February 2001, a month in which there are still amounts due from ISO Debtors, but all ISO Creditors have been paid in full. Assume Scheduling Coordinator "SC1," a defaulting ISO Debtor, makes a payment of \$10,000 that is attributable to this month. Because there are no remaining unpaid ISO Creditors for February 2001, that \$10,000 would be paid, pro rata, to the ISO Creditors in the earliest unpaid trade month, which is currently November 2000.

This mechanism does not constitute a change in the manner in which the ISO disburses payments to Market Participants. The current ISO Tariff does not expressly specify the manner in which funds should be distributed when there are no remaining ISO Creditors in a month, but there still exist unpaid amounts due from ISO Debtors. However, the proposed mechanism in proposed Section 11.16.2 is consistent with the

³ This phenomenon is explained in the response to Question 2 below.

general principle embodied in the ISO Tariff that the oldest outstanding obligations should be satisfied first. See SABP § 6.10. Therefore, this proposal is just and reasonable, and will not result in undue discrimination against any Market Participant.

Proposed Section 11.6.2 would change the ISO's current practice by specifying that if the ISO receives funds relating to a past due trade month, *i.e.*, a month in which there are defaulting ISO Debtors, in amounts less than \$5,000, then those funds would be held in an interest-bearing account until the total in that account exceeds \$5,000 or no funds have been distributed from that account for six months. The distribution of small amounts (*i.e.*, below the \$5,000 threshold) generally results in a net cost to many Scheduling Coordinators. The direct costs of a wire transfer are in the range of \$10. For example, if the ISO collects a receivable in the amount of \$1,000 for the month of December 2000, a month for which there are outstanding Creditor balances of \$490 million, an ISO Creditor for that month would need a balance in excess of \$5 million in order to receive a pro rata share in excess of the \$10 cost of the wire transfer.⁴ To put this change in context, there are 35 ISO Creditors for the month of December with balances under \$5 million.

Because of the small amounts at stake, the ISO's proposal to escrow very small payments will have minimal impact on Market Participants. For example, consider the impact on a hypothetical ISO Creditor to whom half of the December 2000 balance of \$490 million in unpaid amounts was attributable (*i.e.*, that ISO Creditor has an outstanding balance of \$245 million for this month). The maximum impact to that hypothetical ISO Creditor would be the delay of a distribution of \$2,500 for six months. The \$2,500 represents .001% of that ISO Creditor's unpaid balance. In actuality, the real impact given present circumstances is far less, as there is only one creditor for December 2000 with a balance over \$50 million.

b. The submission should explain and demonstrate what impact the California refund proceeding will have on the proposed allocation process.

Response:

The method of invoicing and payment to implement the results of the California refund proceeding has not been ruled on by the Commission. The allocation process proposed in sections 11.16.2 and 11.16.3 will not impact the Commission's decision, as the ISO will implement that decision based on the amounts owed and owing to Market Participants at the time that the Commission issues its decision on these issues. At that time, the ISO will distribute funds as specified by the Commission.

⁴ The calculation is as follows: A Scheduling Coordinator is owed \$5 million for December, 2000. That \$5 million is divided by total creditor balances for December 2000 (\$490 million), which equals 1.02% of the total outstanding balance owed to ISO Creditors attributable to that Scheduling Coordinator. 1.02% times the collection amount of \$1,000 equals a pro rata distribution to that Scheduling Coordinator of \$10.20.

In the absence of any specific guidance by the Commission, refunds would be processed as follows:

1. Invoices reflecting refund amounts would be prepared and issued to ISO Market Participants. These invoices would be separate from the invoices issued by the ISO on a monthly basis in the normal course of business.⁵
2. The refund invoices would be settled on a Payment Date separate from the Payment Date related to the clearing of amounts in the normal course of business.
3. After the collection of amounts relating to the refund invoices, if the total amount collected is less than the total amount owed on those invoices, then the ISO would pro rate the amounts collected over the total amounts owed to those entities who are creditors with respect to the refund invoices. This is consistent with the ISO's current payment procedures when there is shortfall on the Payment Date, and those procedures are not proposed to be changed in Amendment No. 53.
4. Any amounts payable to the California PX would be applied to defaulted receivables owed by the California PX for prior trade months, beginning with the oldest past due amounts. Those proceeds would be paid pro rata to the ISO Creditors in those trade months. If there were no remaining ISO Creditors for a given month, then, consistent with proposed section 11.16.3 the funds would be disbursed pro rata to all ISO Creditors in proportion to their total unpaid balance for all trade months.

c. Your submission should fully explain how these provisions apply when a party is fully discharged from a bankruptcy.

Response:

Proposed sections 11.16.2 and 11.16.3 deal with distribution of funds held by the ISO. A discharge of the obligations of a bankrupt ISO Debtor, within the meaning of the Bankruptcy Code, would not trigger any action by the ISO under either 11.16.2 or 11.16.3.

With respect to the distribution of funds, 11.16.3 would be triggered when the ISO comes into possession of funds for pre-petition trade dates, for example through a post-final settlement adjustment, that would be payable to the bankrupt ISO Debtor were it not for outstanding obligations of that ISO Debtor (i.e. the ISO is obligated to offset the amounts otherwise due the bankrupt ISO Debtor against amounts still owed to the ISO

⁵ In Amendment No. 51, the ISO filed with the Commission its proposal to "wall off" the amounts owed and owing as a result of the refund proceeding from the normal settlement and invoicing process at the ISO, and to issue separate invoices to reflect refund amounts determined pursuant to the refund proceeding.

Market by that ISO Debtor). In this case, pursuant to the terms of 11.16.3, as discussed in further detail below, the ISO would disburse such amounts pro rata to all ISO Creditors in proportion to their total unpaid balances.

For example, assume a settlement adjustment was made that resulted in a credit to Pacific Gas & Electric ("PG&E") of \$1 million for the month of February, 2001. Assuming that PG&E was still an ISO Debtor with respect to prior trade months in an amount greater than \$1 million, the credit would not be paid directly to PG&E, but pursuant to the ISO Tariff and Protocols, would be offset against amounts still owed by PG&E. Under "normal" circumstances, the \$1 million would be disbursed to ISO Creditors for the month of February, 2001. Because there are no ISO Creditors remaining for February, 2001, pursuant to 11.16.2 (and assuming that 11.16.3 does not exist), the \$1 million would be disbursed to ISO Creditors in the oldest unpaid trade month, *i.e.* November, 2000. Under the mechanism set forth in 11.16.3, however, the ISO would, instead, distribute that cash pro rata to *all* ISO Creditors for all unpaid trade months, because there is still an ISO Debtor in bankruptcy.

d. Finally, please demonstrate how the proposed allocation methodologies in Section 11.16.2 and 11.16.3 represent an improvement to the Tariff.

Response:

As noted above, with respect to months in which there are still unpaid ISO Creditors, proposed Section 11.16.2 does not change the manner in which past-due amounts are distributed by the ISO. Instead, 11.16.2 clarifies and confirms the mechanism by which the ISO currently disburses defaulted receivables. It also clarifies the existing practice, pursuant to existing Tariff authority, of offsetting payments to ISO Creditors against any amounts that those Creditors still owe to the ISO Market for previous months.⁶

With respect to months in which all ISO Creditors have already been paid, but for which there still exist amounts due from ISO Debtors (defaulted receivables), proposed Section 11.16.2 improves on the current Tariff language because it clarifies the allocation of amounts that the ISO receives from ISO Debtors that are attributable to these months to ISO Creditors. The mechanism proposed in Section 11.16.2, which provides that such amounts will be disbursed to ISO Creditors pro rata in the oldest unpaid trade month, is

⁶ "Offset" is a term that denotes funds that would otherwise be distributed to a Scheduling Coordinator for a month in which it is an ISO Creditor, but instead are applied (offset) to cover defaulted receivable attributable to that ISO Creditor in another trade month. For example, assume that Scheduling Coordinator "A" is due to receive \$50,000 for June, 2001, in which it was an ISO Creditor, but that SC A still owes the ISO Market \$50,000 for the month of February, 2001. Instead of distributing the \$50,000 to SC A, the ISO would apply that \$50,000 to satisfy SC A's obligation for February, 2001.

just and reasonable, because it is these ISO Creditors that have remained unpaid for the greatest length of time. This methodology is also consistent with the general principle in the ISO Tariff that the oldest obligations should be satisfied first.

The provision in proposed Section 11.16.2 that provides for the ISO to withhold disbursements less than \$5,000 represents an improvement because, as explained above, it recognizes that the cost of transfer of funds, especially for smaller ISO Creditors, may equal or exceed the pro rata amount to be paid to those ISO Creditors.

Finally, it should be understood that if the ISO receives funds that trigger the disbursement provisions of Section 11.16.2, that section will apply equally to all time periods.

The explanation as to why proposed Section 11.16.3 represents an improvement to the current ISO Tariff is set forth below in response to Question 3 d.

2. **The ISO indicates that the existing Tariff and Protocols do not contemplate a situation in which the ISO receives a payment from an ISO debtor who defaulted in a month in which all ISO creditors have already been paid the full amount that they were owed by the ISO market. It explains that this situation exists with respect to several trade months due to the impact of the re-settlement of energy exchange transactions, the carrying forward of offsets, and the disbursement of interest collected from the CDWR related to the payment for the net short positions of PG&E and SCE.**
 - a. **Please provide information regarding the "situations" in which an ISO debtor has outstanding obligations for a month in which the ISO creditors have been fully satisfied, and fully explain the circumstances in which the proposed Tariff provisions would be triggered. The filing must explain how these "situations" arise and provide specific examples.**

Response:

As shown in the Table included in the response to Question 1, there are still uncollected defaulted receivables (*i.e.*, amounts owed by ISO Debtors), but no corresponding amounts owing to ISO Creditors, for the trade months February 2001 through June 2001 and September 2001 through April 2003.

The primary cause of this phenomenon was the process by which payments received from CERS relating to the net-short position of the California Investor-Owned Utilities ("CERS funds"), and the interest associated with those amounts, was cleared through the ISO Markets.⁷ A settlement approved by the Commission stated that the CERS funds were to be applied to post-December 2000 trade months (*i.e.*, January, 2001 forward). The ISO first applied the CERS funds to the months February 2001 through July 2001, and then to January 2001.

Of the total CERS funds of \$943,226,853, \$818,688,388 represented payments paid directly to ISO Creditors to reduce their unpaid balances for the period January through July 2001. Another \$81,143,132 represented amounts that were earmarked for payment to ISO Creditors, which rather than being paid directly to those ISO Creditors, were offset against outstanding balances that those ISO Creditors had with respect to previous trade months. Accordingly, such amounts were paid to other ISO Creditors for

⁷ The Commission required the ISO to bill CERS for all power purchased to satisfy the "net short" position of Pacific Gas & Electric Co. and Southern California Edison Co. commencing from the point at which CERS committed to serve as a creditworthy counterparty in the ISO Markets. For additional background information on this issue, attached as Exhibit 2 is a document entitled "Management Assertion Relating to Distribution of Cash from CDWR for Trade Months January 2001 through July 2001," audited by PricewaterhouseCoopers, dated May 31, 2002 ("CERS Distribution Audit").

the trade months of January through July 2001. Finally, \$43,395,333 represented interest received from CERS. This interest was also used to reduce the balances due to ISO Creditors for the trade months of January through July 2001.

Of the \$81,143,132 offset against unpaid balances due from ISO Creditors, \$41,911,099 was offset against the unpaid balances of those ISO Creditors relating to trade months January through July 2001. The remaining \$39,232,033 was offset against the unpaid balances of those ISO Creditors relating to trade months November and December, 2000. Under normal circumstances that \$39,232,033 would have been paid to ISO Creditors for trade months November and December 2000. However, because the ISO was required by the Commission to *disburse* the CERS funds to pay ISO Creditors for the period January through July, 2001, the total \$81,143,132 was paid out to ISO Creditors for this period.

Therefore, \$43,393,333 of interest and \$81,143,132 of "offsets," representing a total of \$123,536,435 was paid to ISO Creditors for January through July 2001. Of that amount, the \$43,393,333 of interest, along with \$39,232,033 of offsets, represented amounts paid to ISO Creditors for which there was no corresponding ISO Debtor balance. Thus, because there were other ISO Debtors for those months in addition to the IOUs (only the debts of the IOUs were satisfied by the CERS funds), a mis-match between amounts owed to ISO Creditors and amounts owed by ISO Debtors was created.

To illustrate this concept, consider the following hypothetical ISO Debtors and Creditors, and their monthly balances for December 2000, February 2001 and March 2001:

	<u>Dec-00</u>	<u>Feb-01</u>	<u>Mar-01</u>	<u>Total</u>
ISO Debtors				
SC1	\$ 0	\$100	\$ 50	\$150
SC2	\$ 50	\$ 0	\$ 0	\$ 50
SC3	\$ 50	\$ 0	\$ 50	\$100
Total	\$100	\$100	\$100	\$300
ISO Creditors				
SC2	\$ 0	\$ 50	\$ 0	\$ 50
SC4	\$ 50	\$ 50	\$ 50	\$150
SC5	\$ 50	\$ 0	\$ 50	\$100
Total	\$100	\$100	\$100	\$300

Assume first that \$100 is collected from SC1. Because SC1's oldest unpaid invoice is from February, 2001, under the ISO Tariff that \$100 would go to pay ISO Creditors pro rata for February 2001. Thus SC2 would be paid \$50 and SC4 \$50. However, because SC2 is also a debtor with respect to December 2000, in the amount of \$50, the \$50 due SC2 for February 2001 would be used to reduce or "offset" the balance of SC2 for

December 2000 by \$50. That \$50 would then be paid out to ISO Creditors in December 2000.

Now assume that the \$100 represented a portion of the CERS funds, and that SC1 was one of the California IOUs. Because the ISO could only use those amounts to pay ISO Creditors in the January through June 2001 period, the \$50 that is offset against SC 2's December, 2000 balance can not be paid to ISO Creditors for December, 2000. Instead, this amount would be used to pay the ISO Creditors pro rata for trade month March 2001 (in this example, March 2001 is the oldest trade month with remaining unpaid ISO Creditors that falls within the "CERS period" of January through June, 2001). Therefore \$25 would be paid to SC4 and \$25 to SC5. The trade month balances after these transactions would be as follows:

	<u>Dec-00</u>	<u>Feb-01</u>	<u>Mar-01</u>	<u>Total</u>
ISO Debtors				
SC1	\$ 0	\$0	\$ 50	\$ 50
SC2	\$ 0	\$0	\$ 0	\$ 0
SC3	\$50	\$0	\$ 50	\$100
Total	\$50	\$0	\$100	\$150
ISO Creditors				
SC2	\$ 0	\$0	\$ 0	\$ 0
SC4	\$50	\$0	\$ 25	\$ 75
SC5	\$ 0	\$0	\$ 25	\$ 25
Total	\$50	\$0	\$ 50	\$100

Assume now that \$50 is collected from SC1 for March 2001 (and that SC1 is, again, an IOU and the \$50 is from CERS funds). \$50 would then be available to pay the March, 2001 creditors pro rata, SC4 \$25 and SC5 \$25. The monthly balances after this transaction would be as follows:

	<u>Dec-00</u>	<u>Feb-01</u>	<u>Mar-01</u>	<u>Total</u>
ISO Debtors				
SC1	\$ 0	\$0	\$ 0	\$ 0
SC2	\$ 0	\$0	\$ 0	\$ 0
SC3	\$ 50	\$0	\$50	\$100
Total	\$ 50	\$0	\$50	\$100
ISO Creditors				
SC2	\$ 0	\$0	\$0	\$ 0
SC4	\$ 50	\$0	\$0	\$ 50
SC5	\$ 50	\$0	\$0	\$ 50
Total	\$100	\$0	\$0	\$100

At this point in the example, there still exist outstanding amounts owed from ISO Debtors for March 2001, but due to the rule of application relating to the payment of CERS funds, there are no ISO Creditors for this month.

Finally, if interest in the amount of \$25 was collected on the CERS funds for February and March 2001, that \$25 in interest would be used to pay creditors in April 2001. Thus, additional ISO Creditor balances would be reduced without any compensating reduction in ISO Debtor balances.

- b. Please explain and provide examples of the procedures used to adjust the applicable accounts for months in which these "situations" have already occurred.**

Response:

There is no adjustment to any ISO accounts necessary or contemplated as a result of this situation. Any unpaid amounts that are collected by the ISO that relate to months for which there is a mis-match between amounts owed to ISO Creditors and amounts owed by ISO Debtors will either be paid pro rata to ISO Creditors in the oldest unpaid trade month (currently November, 2000), pursuant to Section 11.16.2, or paid pro rata to all ISO Creditors from all unpaid trade months, if the provisions of Section 11.16.3 are triggered (*i.e.* there is an ISO Debtor in bankruptcy proceedings).

3. **The ISO proposes new Section 11.16.3 to the Tariff which provides that all ISO creditor balances will be combined for the purpose of calculating the pro rata distribution of default collections when (1) there is at least one ISO debtor in bankruptcy proceedings in which no final distribution has been made and (2) the default receivable is from a trade month for which all ISO creditors have been paid. Section 11.16.3 is applicable to collection of defaulted receivables by means of netting against ISO creditor balances and contains a provision for processing funds related to the past due trade month that amount to less than \$5,000.**
 - a. **Please provide an analysis exhibiting the impact of these provisions on market participants. Please include specific examples demonstrating that non-discriminatory treatment will result from these proposed allocations throughout all time periods and for all participants to which these provisions apply. Please submit supporting data, work papers, and other supporting documents necessary to understand the underlying calculations, accounting methods and the processes the ISO will use to implement the proposed allocation methodologies. Additionally, please identify the time periods associated with each calculation, when applicable.**

Response:

As noted in the response to Question 1, there are certain months in which there still exist uncollected payments from ISO Debtors but all ISO Creditors have been paid in full. In the response to Question 2, we described how that condition has come about. The California PX, which has filed for bankruptcy, owes the ISO Market \$2,455,199,394.22. Every ISO Creditor is owed some portion of this sum. Because the PX filed for bankruptcy, all ISO Creditors are also creditors in the PX bankruptcy. Bankruptcy law provides that all of these creditors must receive the same treatment under a plan.

In order to achieve a result in the distribution of funds attributable to months in which all ISO Creditors have already been paid that is more consistent with the pro rata distribution principle of bankruptcy law, Section 11.16.3 was proposed. Funds received for months that meet the criteria set forth in proposed Section 11.6.3 (*i.e.*, all ISO Creditors have been paid and there exists a bankrupt ISO Debtor) would be distributed pro rata to *all* ISO Creditors with outstanding balances, rather than "oldest first" (*i.e.* beginning with those ISO Creditors for the month of November 2000 -- the oldest trade month for which there exist outstanding ISO Creditor balances).

To illustrate how this provision will operate in practice, consider the following hypothetical ISO Debtors and Creditors, and their monthly balances from November 2000 through February 2001:

	Nov-00	Dec-00	Jan-01	Feb-01	Total
ISO Debtors					
SC1	\$100	\$150	\$100	\$ 50	\$400
SC2	\$ 0	\$ 50	\$ 0	\$ 0	\$ 50
SC3	\$ 0	\$ 0	\$ 0	\$ 50	\$ 50
Total	\$100	\$200	\$100	\$100	\$500
ISO Creditors					
SC4	\$ 0	\$100	\$ 0	\$0	\$100
SC5	\$ 50	\$ 0	\$ 50	\$0	\$100
SC6	\$ 50	\$100	\$ 50	\$0	\$200
Total	\$100	\$200	\$100	\$0	\$400

Assume that SC1 is currently in bankruptcy, and that \$50 is collected from SC3. Under the ISO Tariff, that \$50 would first go to pay ISO Creditors for the month of February 2001 because that is the oldest outstanding obligation of SC3. However, as shown above, there are no unpaid Creditors for the month of February 2001. Under the terms of the existing Tariff (including the methodology proposed in 11.16.2), absent 11.16.3, the ISO would pay the \$50 collected to ISO Creditors pro rata for the oldest unpaid trade month, i.e., November, 2000. Therefore, in this example, the ISO would pay \$25 to SC5 and \$25 to SC6.

However, assume that each of the SCs in this example is also a creditor in the bankruptcy of SC1. Assuming that at the resolution of SC1's bankruptcy, SC1 was able to pay creditors the full amount that it owed to the ISO Market, SC4 and SC5 would be due to receive 25% of the proceeds (\$100/\$400) and SC6 would be due receive 50% of the proceeds (\$200/\$400) from the bankruptcy distribution. Even if SC1 was unable to pay 100 cents on the dollar, given that all of these ISO Creditors are similarly situated in the bankruptcy of SC1, they would be entitled to the funds available in the same proportion (25, 25 and 50 percent).

The methodology set forth in 11.16.3 will ensure that proceeds collected for these months are disbursed consistent with this result. In this hypothetical, applying the mechanism in 11.16.3, the three ISO Creditors would receive the following amounts from the collection of \$50 from SC3 in February 2001:

- SC4 \$12.5 (\$50 collected times the total amount owed to SC4 of \$100 divided by the total amount owed to all ISO Creditors of \$400)
- SC5 \$12.5 (\$50 collected times the total amount owed to SC5 of \$100 divided by the total amount owed to all ISO Creditors of \$400)
- SC6 \$25 (\$50 collected times the total amount owed to SC6 of \$200 divided by the total amount owed to all ISO Creditors of \$400)

Applying the mechanism set forth in proposed section 11.16.3 to the actual unpaid ISO Creditors would result in the following:

- The collection of defaulted receivables for any month other than November and December 2000 and January, July and August 2001 would be spread pro rata to *all* ISO Creditors for all trade months. As shown in the chart above in the response to Question 1, these are the only months for which there remain unpaid ISO Creditors.
- The share due to each ISO Creditor would be the amount collected (provided it was greater than \$5,000, as discussed in the response to Question 1, above) multiplied by the percentage of the total amount still owed to the ISO Creditor for all trade months, divided by the total amount still owed to all ISO Creditors, which, as shown in the chart in the response to Question 1, is currently \$2,434,908,248.90.

b. Your submission should explain and demonstrate through the necessary analyses, what impact, if any, the California refund proceeding will have on the proposed allocation process.

Response:

Please see the response to Question 1 b above.

c. The submission should demonstrate how these provisions apply when a party is fully discharged from a bankruptcy.

Response:

Please see the response to Question 1 c. above.

d. Finally, the submission must demonstrate how the proposed allocation methodologies in Section 11.16.2 and 11.16.3 represent an improvement to the Tariff.

Response:

As noted above, all ISO Creditors are similarly situated as creditors with respect to the bankruptcy of the California PX. Distributing funds that meet the criteria set forth in proposed Section 11.16.3 on an "oldest first" basis would possibly discriminate in favor of the ISO Creditors in the older trade months, because those Creditors would receive a priority in the distribution of funds that are essentially a "pre-payment" of the amounts owed by the bankrupt ISO Debtor. If the bankrupt ISO Debtor is later unable to pay the

full amount that it owes to ISO Creditors, then the ISO Creditors in the earliest trade month have received, effectively, a priority in the distribution of bankruptcy funds over ISO Creditors in later months. Section 11.16.3 was proposed in order to remedy the potential for this discriminatory treatment.

Finally, Section 11.16.3 will apply equally to all time periods.

4. **Proposed new Section 11.16.4 to the Tariff contains a provision for the disbursement of excess funds. The provision states that excess funds will be distributed to the ISO creditors with the oldest unpaid receivables unless the conditions described in Section 11.16.3 exist, in which case the proceeds will be distributed pro rata as described in Section 11.16.3. The ISO states that the funds collected for charges that are payable in the future are set aside and that any remaining funds after all ISO creditors have been paid are distributed to the ISO market. Please clarify the meaning of excess funds and**
- a. **Provide examples of excess funds**
 - b. **State where excess funds can originate**
 - c. **State which accounts they may flow through**
 - d. **Provide examples of the process by which they may flow through the various accounts and**
 - e. **Explain why the ISO should have the discretion to distribute or retain these funds.**

Response:

- a. There have been no instances of Excess Funds to date, as there are still unpaid ISO Creditor balances for some trade months. Only when all ISO Creditors for all trade months have been paid in full could Excess Funds occur.
- b. Excess Funds could arise from interest accruing on funds pending their distribution. As shown in the CERS Distribution Audit, Exhibit 2 at page 12, \$419,800 of interest was earned on the monies received from CERS in the Reserve Fund while the distributions for those amounts were being determined by the ISO. That \$419,800 was paid to ISO Creditors. However, when all other unpaid amounts are collected and the remaining ISO Creditors are paid in full, the residual amount of \$419,800 could still remain. This amount would qualify as "Excess Funds."
- c. Excess Funds would arise in the Market Clearing Account, and would be deposited in the Market Reserve Account. Pursuant to the process set forth in proposed Section 11.16.4, on at least an annual basis, any excess funds remaining would be paid to Market Participants in proportion to their metered demand and exports.
- d. Using the scenario described in the response to subpart ii above, if all past due amounts were collected and all ISO Creditors were paid there would be \$419,800 residing in the Market Reserve Account (the interest earned on the monies received from CERS in the Reserve Fund while the distributions for those amounts were being calculated). This \$419,800 would constitute "Excess Funds" and the

ISO would allocate the funds to Market Participants on the basis of metered demand and exports and pay the Market Participants on the next market invoice..

- e. The ISO is not requesting the authority to retain Excess Funds but, instead, is proposing a method to distribute them to Market Participants on at least an annual basis. Furthermore, there is no provision in the current ISO Tariff that deals with these funds, so without proposed Section 11.16.4, no mechanism would exist to distribute these funds to Market Participants.

- 5. Please clarify when or how the ISO intends to distribute payment to market participants that are not scheduling coordinators or participating transmission owners as contemplated in the ISO's definition of "ISO Creditor."**

Response:

Sellers and buyers of Energy outside the ISO Control Area (including municipal utilities) may not be Scheduling Coordinators, but may still, in certain instances, participate in ISO Markets, and therefore, are treated as Market Participants and may be de facto ISO Creditors or ISO Debtors based on invoices received due to transactions entered into with the ISO. The ISO has been collecting from and paying to non-Scheduling Coordinator entities since the inception of the ISO. Therefore, the ISO plans to continue to distribute payments to these entities in the same manner as it does for Scheduling Coordinators.

- 6. Please provide a timeline for the actual distributions of payments to market participants. The filing does not describe the process, or the amount of time allotted for each step of the process, by which payments will be processed and distributed beginning with the date of receipt until actual disbursement.**

Response:

As described in the transmittal letter accompanying Amendment No. 53, under Section 11.13 of the ISO Tariff, the ISO is required to distribute amounts received from ISO Debtors to ISO Creditors within hours of receipt of payment. However, because of defaults that have occurred in the ISO Markets, this timeline has become impractical. Therefore, in Amendment No. 53, the ISO proposes to amend Section 11.13 to require that the ISO make payments to Market Participants as soon as is practicable, up to five days after the collection date as posted in the ISO Payments Calendar. The ISO Payments Calendar is set pursuant to the existing terms of the ISO Tariff and Protocols. Besides the five day period discussed above, no other changes to the timeline for payments are contemplated in Amendment No. 53

7. Please define the following terms:

- a. Defaulted receivables**
- b. Economic distributions**
- c. Bankruptcy charge**
- d. Default collections**
- e. Full and final distributions.**

Response:

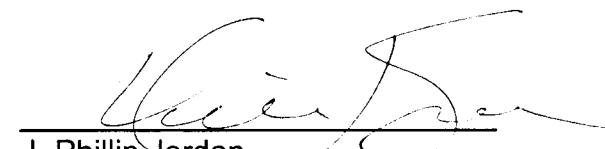
- a. "Defaulted receivable" is an uncollected amount due from a Market Participant that relates to an obligation of that Market Participant that was due on an earlier Payment Date.
- b. "Economic distributions" refer to the complete or "economic" cost of a distribution, not merely its face value. For example, if the cost of a wire transfer to a Market Participant is \$10, then the economic cost of a \$5 distribution to a creditor may in actuality be a loss of \$5 (\$5 distribution less the \$10 cost of wire equals a loss of \$5). Economic Distributions are distributions where the total economic value distributed exceeds the transactions or distribution costs associated with the distribution of funds such that the distribution yields net economic value to the recipient.
- c. "Bankruptcy charge." The ISO interprets this question to actually be requesting definition the term "bankruptcy discharge." "Bankruptcy discharge" refers to an order from a bankruptcy court in a Chapter 11 case that has the effect set forth in 11 U.S.C. § 1141.
- d. "Default collections" refers to the collection of defaulted receivables (see the definition of "defaulted receivable" above).
- e. "Full and final distribution." A "final distribution" refers to the final payment by a debtor in a Chapter 11 case pursuant to a confirmed plan of reorganization. "Full and final payment" is a final distribution resulting in payment in full of all claims.

The Honorable Magalie R. Salas
October 16, 2003
Page 22

The ISO is serving copies of this filing on all parties on the official service list compiled by the Secretary in Docket No. ER03-942. Consistent with the August 7 letter, the ISO is also providing a copy of this filing to Travis McGee, Room 7P-04. Also enclosed is a form notice of this filing, suitable for publication in the Federal Register, together with a diskette containing that notice in MS Word format.

An additional copy of this filing is also enclosed. Please stamp this copy with the date and time of filing and return it to our messenger. Thank you for your assistance in this matter.

Respectfully Submitted,



J. Phillip Jordan
Michael Kunselman

Charles F. Robinson
General Counsel
Gene Waas
Regulatory Counsel

The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-7135

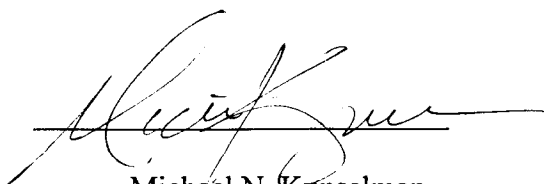
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, DC 20007
Tel: (202) 424-7500

cc: Travis McGee, Room 7P-04
Service List

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC this 16thth day of October, 2003.

A handwritten signature in black ink, appearing to read "Michael N. Kunselman", written over a horizontal line.

Michael N. Kunselman

NOTICE SUITABLE FOR PUBLICATION IN THE
FEDERAL REGISTER

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System) Docket No. ER03-942-000
Operator Corporation)

Notice of Filing

[]

Take notice that on October 16, 2003, the California Independent System Operator Corporation (ISO), submitted a filing in response to Commission Staff's Letter of August 7, 2003, requesting additional explanation concerning the ISO's Amendment No. 53 Tariff filing.

The ISO states that this filing has been served upon all parties in the captioned proceeding, and has been posted on the ISO Home Page.

Any person desiring to be heard or to protest the filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests must be filed in accordance with § 35.9 of the Commission's regulations. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room. This filing may also be viewed on the Internet at <http://www.ferc.gov/docs-filing/elibrary.asp> (call 202-502-8400 for assistance).

Comment Date: _____

EXHIBIT 1

Certification for Market Settlement August 20, 2003

For the Trade Month of November 2000

ISO Creditors to whom amounts are Owed

VenID	Customer Name	Trade Month	Amount Owed	% of total owed to Creditors
Total Due to 53 SCs (Creditors)			\$ 490,302,262.04	100.000%

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and final invoices were provided in the February 2001 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2769	California Power Exchange (a)	14-Feb-01	14006	Mkt	\$ 93,414.80	0.020%
1243	California Power Exchange (a)	26-Jan-01	13881	Mkt	460,512,867.41	99.980%
Total Due From SCs (Debtors)					\$ 460,606,282.21	100.000%

(a) - amounts attributable to PG&E pre-bankruptcy activity not available.

Due from SCs

Preliminary Invoices	\$ 669,272,884.00	99.531%
Final Invoices	3,153,175.74	0.469%
Total Invoiced	672,426,059.74	100.000%
Collected 2/1/01	2,983,589.97	
Collected 2/9/01	144,397,659.30	
Collected 2/22/01	62,787.65	
Collected 3/5/01	352,934.19	
Total Collected	147,796,971.11	21.980%
Offsets against Nov-00 Market AP	16,925,215.71	
Cancelled Nov-00 Market AR invoice	80,424.78	
Offsets against Feb-01 Market AP	3,251,669.02	
Offsets against Mar-01 Market AP	17,763,483.18	
Offsets against Apr-01 Market AP	7,302,113.89	
Offsets against May-01 Market AP	6,650,881.96	
Offsets against Jun-01 Market AP	7,753,440.06	
Offsets against Sep-01 Market AP	811,805.97	
Offsets against Nov-01 Market AP	22,336.28	
Offsets against Apr-02 Market AP	338,322.71	
Offsets against Jul-02 Market AP	2,579,167.19	
Offsets against Offset TAC Oct 02	526,743.00	
Offsets against TAC Interest May 03	17,202.67	
Total Adjustments	64,022,806.42	9.521%
Balance Due from SCs	\$ 460,606,282.21	68.499%

Certification for Market Settlement August 20, 2003

For the Trade Month of November 2000

Due to SCs

Preliminary Invoices	\$ 669,155,560.78	97.445%
Final Invoices	17,546,615.96	2.555%
Total Invoiced	686,702,176.74	100.000%

Paid 2/1/01	12,113,244.29	
Paid 2/9/01	149,333,046.54	
Paid 2/22/01	62,787.65	
Paid 3/7/01	352,693.64	
Paid 4/26/01	5,209.76	
Paid 1/31/02	946,857.64	
Paid 2/1/02	2,789,069.02	
Paid 10/7/02	1,634,267.59	
Total Paid	167,237,176.13	24.354%

Offsets against Oct-00 settlement	957,235.81	
Offsets against Nov-00 settlement	17,369,115.81	
FERC ordered reduction Nov-00 Market AP	6,708,594.86	
Offsets against Dec-00 settlement	43,337.28	
Offsets against Jan-01 settlement	1,145,817.38	
Offsets against Feb-01 settlement	1,375,231.65	
Offsets against Mar-01 settlement	915,853.14	
Offsets against Apr-01 settlement	86,327.35	
Offsets against May-01 settlement	133,368.19	
Offsets against Jun-01 settlement	143,237.47	
Offsets against Jul-01 settlement	360.00	
Offsets against Aug-01 settlement	966.51	
Offsets against Sep-01 settlement	1,193.32	
Offsets against Oct-01 settlement	35,203.95	
Offsets against May-02 settlement	123,968.02	
Offsets against Jun-02 settlement	19,382.86	
Offsets against Jul-02 settlement	103,544.97	
Total Adjustments	29,162,738.57	4.247%

Balance Due to SCs **\$ 490,302,262.04** **71.400%**

Excess of Balance Due to SCs over Due from SCs

Attributable to Trade Month of December 2000	\$ 29,695,979.83
Total	\$ 29,695,979.83

Certification for Market Settlement August 20, 2003

For the Trade Month of December 2000

ISO Creditors to whom amounts are Owed:

VenID	Customer Name	Trade Month	Amount Owed	% of total owed to Creditors
Total Due to 47 SCs (Creditors)			\$ 1,470,772,086.12	100.000%

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and final invoices were provided in the March 2001 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
1243	California Power Exchange (a)	27-Feb-01	14163	Mkt	\$ 1,430,114,437.65	94.954%
1243	California Power Exchange (a)	15-Mar-01	14323	Mkt	52,840,040.18	3.508%
2769	California Power Exchange (a)	27-Feb-01	14126	Mkt	12,171,363.36	0.808%
2769	California Power Exchange (a)	15-Mar-01	14286	Mkt	235,732.88	0.016%
1011	Pacific Gas and Electric (b)	27-Feb-01	14183	Mkt	10,747,033.10	0.714%
Total Due From SCs (Debtors)					\$ 1,506,108,607.17	100.000%

(a) - amounts attributable to PG&E pre-bankruptcy activity not available.
(b) - pre-bankruptcy activity

Due from SCs

Preliminary Invoices	\$ 1,503,186,210.21	95.380%
Final Invoices	72,817,565.78	4.620%
Total Invoiced	1,576,003,775.99	100.000%

Collected 3/5/01	46,018,432.37	
Collected 3/9/01	1,095,680.05	
Collected 3/22/01	4,668,657.91	
Collected 4/20/01	31.02	
Collected 4/20/01	180,412.40	
Collected 10/1/02	53,220.82	
Total Collected	52,016,434.57	3.301%

Offset against Nov-00 Market AP	43,096.73	
Cancelled Dec-00 Market AR invoice	147,750.00	
Offset against Dec-00 Market AP	7,982,988.02	
CERS invoicing 1/17/02	(59,022.24)	
Offset against Jan-01 settlement	334,976.03	
Offset against Feb-01 Market AP	1,868,555.05	
Offset against Mar-01 Market AP	267,677.65	
Offset against Apr-01 Market AP	240,646.33	
Offset against May-01 Market AP	54,475.07	
Offset against Jun-01 Market AP	4,055,436.91	
Offset against Jul-01 Market AP	521,806.27	
Offset against Aug-01 Market AP	8,877.58	
Offset against Jan-02 Market AP	652,060.85	
Offset against Apr-02 Market AP	4,492.23	
Offsets against Offset TAC Oct 02	1,699,417.26	
Offsets against TAC Interest May 03	55,500.51	
Total Adjustments	17,878,734.25	1.134%

Balance Due from SCs **\$ 1,506,108,607.17** **95.565%**

Certification for Market Settlement August 20, 2003

For the Trade Month of December 2000

Due to SCs

Preliminary Invoices	\$ 1,490,781,469.67	94.813%
Final Invoices	81,563,642.97	5.187%
Total Invoiced	<u>1,572,345,112.64</u>	100.000%
Paid 3/7/01	45,426,874.33	
Paid 3/97/01	1,095,680.05	
Paid 3/23/01	4,660,365.50	
Paid 3/27/01	8,292.41	
Paid 4/23/01	1,243.61	
Total Paid	<u>51,192,455.90</u>	3.256%
Offset against Dec-00 GMC	591,558.04	
Offset against Dec-00 Market AR	7,982,988.02	
Cancelled Dec-00 Market AP invoices	28,418,123.25	
FERC ordered reduction Dec-00 Market AP	1,291,405.14	
Offset against Jan-01 Market AR	8,792,755.75	
Offset against Feb-01 Market AR	33,196.74	
Offset against Mar-01 Market AR	2,962,776.90	
Offset against May-02 Market AR	307,766.78	
Total Adjustments	<u>50,380,570.62</u>	3.204%
Balance Due to SCs	<u>\$ 1,470,772,086.12</u>	93.540%

Certification for Market Settlement August 20, 2003

For the Trade Month of January 2001

ISO Creditors to whom amounts are Owed:

VenID	Customer Name	Trade Month	Amount Owed	% of total owed to Creditors
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Total Due to 47 SCs (Creditors) \$ 458,072,840.60 100.000%

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and final invoices were provided in the April 2001 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
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1243	California Power Exchange (a)	27-Mar-01	14510	Mkt	\$ 415,999,776.30	96.406%
1243	California Power Exchange (a)	13-Apr-01	14709	Mkt	14,115,584.06	3.271%
2769	California Power Exchange (a)	27-Mar-01	14475	Mkt	1,391,006.46	0.322%

Total Due From SCs (Debtors) \$ 431,506,366.82 100.000%

(a) - amounts attributable to PG&E pre-bankruptcy activity not available.

Due from SCs

Preliminary Invoices	\$ 852,880,070.61	94.702%
Final Invoices	47,714,325.73	5.298%
Total Invoiced	<u>900,594,396.34</u>	100.000%

Collected 4/2/01	12,952,984.79	
Collected 4/20/01	1,948,770.11	
Collected 4/20/01	155,614,362.93	
Collected 3/15/02	12,663,242.68	
Collected 4/22/02	1,844,267.31	
Total Collected	<u>185,023,627.82</u>	20.545%

Offset against Nov-00 Market AP	996,005.78	
Offset against Dec-00 Market AP	5,251,206.84	
Cancelled Jan-01 Market AR invoices	30,344,780.58	
Offset against Jan-01 Market AP	47,591,692.35	
CERS invoicing 1/31/02	194,043,770.33	
Offset against Feb-01 Market AP	5,289.49	
Offset against Apr-01 Market AP	82,652.59	
Offset against May-01 Market AP	71,192.88	
Offset against Jun-01 Market AP	1,091,585.67	
Offset against Jul-01 Market AP	2,498,582.18	
Offset against Aug-01 Market AP	4,898.46	
Offset against Sep-01 Market AP	270,453.11	
Offset against Oct-01 Market AP	669,681.38	
Offset against Nov-01 Market AP	417,453.95	
Offset against Jan-02 Market AP	216,160.65	
Offsets against Offset TAC Oct 02	492,898.12	
Offsets against TAC Interest May 03	16,097.34	
Total Adjustments	<u>284,064,401.70</u>	31.542%

Balance Due from SCs \$ 431,506,366.82 47.914%

Certification for Market Settlement August 20, 2003

For the Trade Month of January 2001

Due to SCs

Preliminary Invoices	\$ 835,450,696.80	94.566%
Final Invoices	48,005,063.31	5.434%
Total Invoiced	<u>883,455,760.11</u>	100.000%

Paid 4/2/01	5,980,329.05	
Paid 4/27/01	3,500,845.61	
Paid 1/7/01	796,126.46	
Paid 2/6/02	136,263,383.49	
Paid to escrow for SCE TO and PG&E TO 2/6/02	21,067,652.73	
Return TO Escrows 9/25/02	(21,067,652.73)	
Paid 9/25/02	21,067,652.73	
Paid CERS escrow 9/24/02	924,322.70	
Total Paid	<u>168,532,660.04</u>	19.077%

Offset against Dec-00 Market AR	282,628.38	
Offset against Jan-01 settlements	50,111,573.68	
Issued Jan-01 Market AP invoice	(1,758,172.13)	
Cancelled Jan-01 Market AP invoices	291,030.55	
CERS invoicing 1/31/02	204,100,076.38	
Offset against Feb-01 settlements	836,153.07	
Offset against Mar-01 settlements	1,090,328.59	
Offset against Apr-01 settlements	184,212.06	
Offset against May-01 settlements	559,316.44	
Offset against Jun-01 settlements	1,010,308.29	
Offset against Aug-01 Market AR	3,075.26	
Offset against Sep-01 settlements	25,956.80	
Offset against Oct-01 settlements	33,030.18	
Offset against Jan-02 Market AR	78,599.73	
Offset against Mar-02 Market AR	269.43	
Offset against May-02 Market AR	1,215.97	
Offset against Jun-02 Market AR	656.79	
Total Adjustments	<u>256,850,259.47</u>	29.073%

Balance Due to SCs	\$ 458,072,840.60	51.850%
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Excess of Balance Due to SCs over Due from SCs

Attributable to Trade Month of December 2000	\$ 5,640,541.22	
Attributable to Trade Month of February 2001	75,430.08	
Attributable to Trade Month of March 2001	1,555,932.89	
Attributable to Trade Month of April 2001	104,810.75	
Attributable to Trade Month of May 2001	39,458.38	
Attributable to Trade Month of June 2001	19,150,300.46	
Total	<u><u>\$ 26,566,473.78</u></u>	

Certification for Market Settlement August 20, 2003

For the Trade Month of February 2001

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and final invoices were provided in the May 2001 certification.**

VentID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
1024	Seattle City Light	24-Apr-01	14896	Mkt	\$ 75,430.08	100.000%
Total Due From SCs (Debtors)					\$ 75,430.08	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of February 2001

Due from SCs

Preliminary Invoices	\$ 972,588,030.84	92.228%
Final Invoices	81,964,016.81	7.772%
Total Invoiced	<u>1,054,552,047.65</u>	100.000%
Collected 5/2/01	59,861,543.33	
Collected 5/17/01	1,703,105.49	
Collected 5/31/01	171,667.35	
Collected 6/19/01	2,754,904.04	
Collected 7/19/01	459,411.62	
Collected 8/20/01	24,932.27	
Collected 12/6/01	391,018,658.63	
Collected 12/20/01	17,690,745.85	
Collected 3/15/02	87,322.58	
Collected 4/22/02	2,141,698.90	
Collected 7/19/02	123,402.32	
Collected 10/1/02	46,561.64	
Collected 5/20/03	280,628.57	
Total Collected	<u>476,364,582.59</u>	45.172%
Offset against Nov-00 Market AP	53,103.48	
Offset against Dec-00 Market AP	33,196.74	
Offset against Jan-01 Market AP	677,916.11	
Offset against Feb-01 Market AP	13,255,430.55	
Cancelled Feb-01 Market AR invoices	12.91	
CERS invoicing 12/6/01	572,320,005.38	
CERS invoicing 12/20/01	(20,751,861.67)	
Offset against Mar-01 Market AP	23,023.91	
Offset against Apr-01 Market AP	54,355.70	
Offset against May-01 Market AP	12,347.04	
Offset against Jun-01 Market AP	293,350.53	
Offset against Jul-01 Market AP	11,053.47	
Offset against Aug-01 Market AP	104,715.74	
Offset against Oct-01 Market AP	85,994.58	
Offset against Nov-01 Market AP	698,864.58	
Offset against Dec-01 Market AP	77,400.02	
Offset against Jan-02 Market AP	3,659,699.38	
Offset against Feb-02 Market AP	1,365,983.52	
Offset against Mar-02 Market AP	824,317.64	
Offset against Apr-02 Market AP	161,557.16	
Offset against May-02 Market AP	874,060.48	
Offset against Jun-02 Market AP	931,031.14	
Offset against Jul-02 Market AP	3,342,963.92	
Offset against Nov-02 Market AP	3,511.43	
Offset TAC Interest May 03	1.24	
Total Adjustments	<u>578,112,034.98</u>	54.821%
Balance Due from SCs	<u>\$ 75,430.08</u>	0.007%

Certification for Market Settlement August 20, 2003

For the Trade Month of February 2001

Due to SCs

Preliminary Invoices	\$ 952,742,085.50	92.078%
Final Invoices	81,965,705.44	7.922%
Total Invoiced	<u>1,034,707,790.94</u>	100.000%
Paid 5/3/01	42,468,820.18	
Paid 5/17/01	3,857,696.65	
Paid 6/19/01	2,755,696.19	
Paid 8/23/01	24,932.27	
Paid 9/26/01	3,337,166.70	
Paid 10/23/01	6,256,970.09	
Paid 12/6/01	360,880,805.48	
Paid to escrow for SCE TO and PG&E TO 12/6/01	18,343,213.45	
Paid 1/17/02	457,102.86	
Paid 1/28/02	188,800.71	
Return TO Escrows 9/25/02	(18,343,213.45)	
Paid 9/25/02	18,343,213.45	
Total Paid	<u>438,571,204.58</u>	42.386%
Offset against Nov-00 Market AR	3,251,669.02	
Offset against Dec-00 Market AR	1,868,555.05	
Offset against Jan-01 settlements	79,605.50	
Offset against Feb-01 settlements	14,115,336.62	
CERS invoicing 12/6/01	572,320,005.38	
CERS invoicing 12/20/01	(39,324.92)	
Offset against Mar-01 Market AR	1,120,315.09	
Offset against Apr-01 Market AR	3,191,075.19	
Offset against May-01 settlements	93,238.97	
Offset against Jun-01 settlements	136,176.42	
Offset against Jul-01 settlements	(242,238.28)	
Offset against Aug-01 settlements	202,847.40	
Offset against Jan-02 Market AR	39,324.92	
Total Adjustments	<u>596,136,586.36</u>	57.614%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of March 2001

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and final invoices were provided in the June 2001 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
1011	Pacific Gas and Electric - PGAE (a)	24-May-01	15474	Mkt	\$ 1,555,932.89	100.000%
Total Due From SCs (Debtors)					\$ 1,555,932.89	100.000%

(a) - pre-bankruptcy activity

Certification for Market Settlement August 20, 2003

For the Trade Month of March 2001

Due from SCs

Preliminary Invoices	\$ 832,494,154.59	85.391%
Final Invoices	142,425,386.26	14.609%
Total Invoiced	<u>974,919,540.85</u>	100.000%
Collected 5/31/01	25,834,711.77	
Collected 6/19/01	42,129,119.37	
Collected 7/19/01	67,572.38	
Collected 12/13/01	126,349,910.09	
Collected 12/20/01	1,918,751.95	
Collected 3/5/02	137,215.98	
Collected 4/22/02	11,343,346.71	
Collected 6/18/02	21,206.94	
Collected 5/20/03	184,434.09	
Total Collected	<u>207,986,269.28</u>	21.334%
Offset against Nov-00 Market AP	2,148,505.33	
Offset against Dec-00 Market AP	2,962,776.90	
Offset against Jan-01 Market AP	888,969.27	
Offset against Feb-01 Market AP	1,120,315.09	
Cancelled Mar-01 Market AR invoices	47.73	
Offset against Mar-01 settlements	83,643,522.82	
CERS invoicing 12/13/01	668,390,842.60	
CERS invoicing 12/20/01	(7,784,346.85)	
CERS invoicing 1/31/02	1,256.52	
Offset against Apr-01 Market AP	205.19	
Offset against Jun-01 Market AP	2,968,438.10	
Offset against Jul-01 Market AP	496,649.48	
Offset against Aug-01 Market AP	100,911.95	
Offset against Oct-01 Market AP	136,548.99	
Offset against Nov-01 Market AP	112,327.46	
Offset against Dec-01 Market AP	8,618.41	
Offset against Jan-02 Market AP	4,249,658.58	
Offset against Jul-02 Market AP	1,312,283.78	
Offset against Aug-02 Market AP	2,925,386.66	
Offset against Sep-02 Market AP	1,694,420.67	
Total Adjustments	<u>765,377,338.68</u>	78.507%
Balance Due from SCs	<u>\$ 1,555,932.89</u>	0.160%

Certification for Market Settlement August 20, 2003

For the Trade Month of March 2001

Due to SCs

Preliminary Invoices	\$ 846,325,629.70	85.595%
Final Invoices	142,425,377.73	14.405%
Total Invoiced	<u>988,751,007.43</u>	100.000%
Paid 6/4/01	12,908,276.50	
Paid 6/19/01	42,048,639.13	
Paid 9/26/01	2,968,689.84	
Paid 10/23/01	3,791.74	
Paid 12/17/01	149,714,562.76	
Paid to escrow for SCE TO and PG&E TO 12/13/01	4,359,626.13	
Paid to escrow for SCE TO and PG&E TO 12/19/01	58,853.99	
Paid 1/7/02	2,021,113.53	
Return TO Escrows 9/25/02	(4,418,480.12)	
Paid 9/25/02	4,418,480.12	
Total Paid	<u>214,083,553.62</u>	21.652%
Offset against Nov-00 Market AR	20,167,098.42	
Offset against Dec-00 Market AR	82,607.63	
Offset against Jan-01 GMC	7,944.92	
Offset against Feb-01 settlement	94,183.56	
Offset against Mar-01 settlement	84,289,922.18	
CERS invoicing 12/13/01	668,390,842.60	
CERS invoicing 12/20/01	(1,770,067.91)	
CERS invoicing 1/31/02	(1,286.05)	
Offset against Apr-01 settlement	1,630,012.31	
Offset against May-01 Market AR	6,754.26	
Offset against Jun-01 settlement	1,879.67	
Offset against Jul-01 Market AP	(3,791.74)	
Offset against Jan-02 Market AR	1,771,353.96	
Total Adjustments	<u>774,667,453.81</u>	78.348%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of April 2001

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and final invoices were provided in the July 2001 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
1011	Pacific Gas and Electric - PGAE (a)	29-Jun-01	15660	Mkt	\$ 96,405.66	91.981%
2769	Pacific Gas and Electric (California PX) (a)	29-Jun-01	15610	Mkt	3,769.13	3.596%
1024	Seattle City Light	29-Jun-01	15651	Mkt	2,885.20	2.753%
1024	Seattle City Light	12-Jul-01	15793	Mkt	1,750.76	1.670%
Total Due From SCs (Debtors)					\$ 104,810.75	100.000%

(a) - pre-bankruptcy activity

Certification for Market Settlement August 20, 2003

For the Trade Month of April 2001

Due from SCs

Preliminary Invoices	\$ 782,081,536.40	98.613%
Final Invoices	11,004,055.88	1.387%
Total Invoiced	<u>793,085,592.28</u>	100.000%
Collected 6/29/01	59,675,885.69	
Collected 7/19/01	727,819.20	
Collected 7/19/01	16,643,322.31	
Collected 12/20/01	35,232,823.81	
Collected 4/22/02	4,353,863.78	
Collected 6/18/02	204.79	
Total Collected	<u>116,633,919.58</u>	14.706%
Offset against Nov-01 Market AP	29,468.58	
Offset against Jan-01 Market AP	27,022.88	
Offset against Feb-01 Market AP	3,191,075.19	
Offset against Mar-01 Market AP	1,569,717.37	
Offset against Apr-01 Market AP	3,184,534.02	
Cancelled Apr-01 Market AR invoices	9,967.98	
CERS invoicing 12/20/01	650,729,327.67	
Offset against May-01 Market AP	1,259,017.06	
Offset against Jun-01 Market AP	1,343,934.84	
Offset against Jul-01 Market AP	1,646,410.51	
Offset against Sep-01 Market AP	2,402,874.49	
Offset against Oct-01 Market AP	10,568.12	
Offset against Jan-02 Market AP	7,149,497.03	
Offset against Apr-02 Market AP	21,036.25	
Offset against Sep-02 Market AP	2,325,069.44	
Offset against Oct-02 Market AP	1,075,803.45	
Offset against Nov-02 Market AP	371,537.07	
Total Adjustments	<u>676,346,861.95</u>	85.280%
Balance Due from SCs	<u>\$ 104,810.75</u>	0.013%

Certification for Market Settlement August 20, 2003

For the Trade Month of April 2001

Due to SCs

Preliminary Invoices	\$ 781,819,933.97	99.592%
Final Invoices	3,200,427.52	0.408%
Total Invoiced	<u>785,020,361.49</u>	100.000%
Paid 6/29/01	53,933,943.25	
Paid 7/24/01	1,302,886.05	
Paid 8/23/01	16,774,321.14	
Paid 10/23/01	4,743.92	
Paid 1/7/02	44,393,170.75	
Paid to escrow for SCE TO and PG&E TO 1/7/02	6,183,309.59	
Return TO Escrows 9/25/02	(6,183,309.59)	
Paid 9/25/02	6,183,309.59	
Total Paid	<u>122,592,374.70</u>	15.616%
Offset against Nov-00 Market AR	4,898,498.65	
Offset against Dec-00 Market AR	166,226.82	
Offset against Jan-01 settlements	85,029.28	
Offset against Feb-01 settlements	76,439.03	
Offset against Mar-01 Market AR	205.19	
Offset against Apr-01 settlements	3,542,746.77	
Cancelled Apr-01 Market AP invoices	9,950.21	
CERS invoicing 12/20/01	653,290,122.83	
Offset against May-01 settlements	189,391.11	
Offset against Jun-01 Market AR	156,538.85	
Offset against Jul-01 Market AP	(4,743.92)	
Offset against Sep-01 Market AR	31.25	
Offset against Jan-02 Market AR	17,550.72	
Total Adjustments	<u>662,427,986.79</u>	84.384%
Balance Due to SCs	<u>\$ -</u>	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of May 2001

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and final invoices were provided in the August 2001 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2769	Pacific Gas and Electric (California PX) (a)	25-Jul-01	15910	Mkt	\$ 1,755.23	4.448%
1011	Pacific Gas and Electric (a)	25-Jul-01	15970	Mkt	37,703.15	95.552%
Total Due From SCs (Debtors)					\$ 39,458.38	100.000%

(a) - pre-bankruptcy activity

Certification for Market Settlement August 20, 2003

For the Trade Month of May 2001

Due from SCs

Preliminary Invoices	\$ 629,206,074.50	97.472%
Final Invoices	16,320,342.62	2.528%
Total Invoiced	<u>645,526,417.12</u>	100.000%
Collected 8/1/01	38,626,846.89	
Collected 8/21/01	21,768,339.24	
Collected 8/31/01	795,036.39	
Collected 10/22/01	156,999.85	
Collected 1/10/02	16,817,656.45	
Collected 3/5/02	360.00	
Collected 4/22/02	2,501,227.89	
Collected 5/5/02	460,173.00	
Collected 6/18/02	162.71	
Collected 8/20/02	60,469.76	
Collected 10/7/02	2,580.99	
Total Collected	<u>81,189,853.17</u>	12.577%
Offset against Nov-01 Market AP	133,368.19	
Offset against Jan-01 Market AP	316,008.75	
Offset against Feb-01 Market AP	89,256.40	
Offset against Mar-01 Market AP	6,754.26	
Offset against Apr-01 Market AP	183,127.04	
Offset against May-01 settlements	17,346,223.38	
CERS invoicing 1/10/02	509,467,629.12	
Offset against Jun-01 Market AP	15,692,609.64	
Offset against Jul-01 Market AP	2,314,169.29	
Offset against Oct-01 Market AP	2,090,978.88	
Offset against Nov-01 Market AP	314,065.67	
Offset against Dec-01 Market AP	7,837.64	
Offset against Jan-02 Market AP	13,847,021.34	
Offset against Feb-02 Market AP	1,060.89	
Offset against Mar-02 Market AP	24,028.77	
Offset against Apr-02 Market AP	1,046.27	
Offset against May-02 Market AP	100,721.86	
Offset against Jun-02 Market AP	2,083.76	
Offset against Nov-02 Market AP	859,354.83	
Offset against Dec-02 Market AP	860,587.80	
Offset against Jan-03 Market AP	446,519.83	
Offset against Feb-03 Market AP	192,651.96	
Total Adjustments	<u>564,297,105.57</u>	87.417%
Balance Due from SCs	\$ 39,458.38	0.006%

Certification for Market Settlement August 20, 2003

For the Trade Month of May 2001

Due to SCs

Preliminary Invoices	\$ 629,486,180.25	97.473%
Final Invoices	16,321,565.54	2.527%
Total Invoiced	<u>645,807,745.79</u>	100.000%
Paid 8/23/01	57,029,735.53	
Paid 9/26/01	1,981,016.92	
Paid 1/15/02	22,655,948.22	
Paid to escrow for SCE TO and PG&E TO 1/15/02	4,021,283.25	
Paid 1/23/02	18,898,359.03	
Return TO Escrows 9/25/02	(18,898,359.03)	
Paid 9/25/02	18,898,359.03	
Total Paid	<u>104,586,342.95</u>	16.195%
Offset against Nov-00 Market AR	14,404,322.02	
Offset against Dec-00 Market AR	14,266.71	
Offset against Jan-01 settlements	72,254.92	
Offset against Feb-01 settlements	15,343.93	
Offset against Apr-01 Market AR	1,259,017.06	
Offset against May-01 settlements	15,309,432.61	
CERS invoicing 1/10/02	510,117,860.93	
Offset against Jun-01 GMC	79.70	
Offset against Aug-01 Market AR	28,824.96	
Total Adjustments	<u>541,221,402.84</u>	83.805%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of June 2001

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and final invoices were provided in the September 2001 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	23-Aug-01	16199	GMC	\$ 31,712.27	0.054%
1243	California Power Exchange (a)	23-Aug-01	16292	Mkt	54,859,483.11	93.896%
2769	Pacific Gas and Electric (California Power Exchange) (b)	23-Aug-01	16259	Mkt	807,799.37	1.383%
1011	Pacific Gas and Electric (b)	12-Sep-01	16313	Mkt	2,693,912.06	4.611%
2528	Sacramento Municipal Utility District	12-Sep-01	16512	Mkt	6,582.20	0.011%
1024	Seattle City Light	23-Aug-01	16304	Mkt	24,374.42	0.042%
1024	Seattle City Light	12-Sep-01	16548	Mkt	1,642.29	0.003%
Total Due From SCs (Debtors)					\$ 58,425,505.72	100.000%

(a) - amounts attributable to PG&E pre-bankruptcy activity not available.

(b) - pre-bankruptcy activity

Certification for Market Settlement August 20, 2003

For the Trade Month of June 2001

Due from SCs

Preliminary Invoices	\$ 274,871,788.90	91.507%
Final Invoices	25,511,095.65	8.493%
Total Invoiced	<u>300,382,884.55</u>	100.000%
Collected 8/31/01	37,697,147.17	
Collected 9/20/01	2,850,791.91	
Collected 11/20/01	747.02	
Collected 11/7/02	134,736,538.88	
Collected 4/22/02	620,073.74	
Collected 5/10/02	1,362,267.54	
Collected 6/18/02	154.02	
Collected 8/20/02	13,485.93	
Collected 5/20/03	18,477.92	
Total Collected	<u>177,299,684.13</u>	59.025%
Offset against Nov-00 Market AP	143,237.47	
Offset against Jan-01 Market AP	896,247.91	
Offset against Feb-01 Market AP	147,293.87	
Offset against Mar-01 Market AP	1,827.72	
Offset against Apr-01 Market AP	156,538.85	
Cancelled Jun-01 Market AR invoices	3,393,891.35	
Offset against Jun-01 settlements	2,479,584.78	
CERS invoicing 1/17/02	42,641,941.21	
CERS invoicing 1/31/02	(29,370.61)	
Offset against Jul-01 Market AP	46,807.18	
Offset against Nov-01 Market AP	39.65	
Offset against Dec-01 Market AP	631,858.49	
Offset against Jan-02 Market AP	13,033,727.03	
Offset against Sep-02 Market AP	9,647.25	
Offset against Feb-03 Market AP	415,411.00	
Offset against Mar-03 Market AP	655,803.50	
Offsets against Offset TAC Oct 02	62,867.17	
Offsets against TAC Interest May 03	2,053.15	
Total Adjustments	<u>64,689,406.97</u>	21.536%
Add Uncollected Jun-01 GMC	<u>31,712.27</u>	0.011%
Balance Due from SCs	<u>\$ 58,425,505.72</u>	19.450%

Certification for Market Settlement August 20, 2003

For the Trade Month of June 2001

Due to SCs

Preliminary Invoices	\$ 274,870,136.25	98.160%
Final Invoices	5,153,500.29	1.840%
Total Invoiced	<u>280,023,636.54</u>	100.000%
Paid 9/26/01	29,703,202.44	
Paid 12/6/01	3,289,292.19	
Paid to escrow for SCE TO and PG&E TOs 12/6/01	27,956.32	
Paid 1/23/02	115,611,867.99	
Paid to escrow for SCE TO and PG&E TOs 1/23/02	944,231.26	
Return TO Escrows 9/25/02	(972,187.58)	
Paid 9/25/02	972,187.58	
Total Paid	<u>149,576,550.20</u>	53.416%
Offset against Dec-00 Market AR	1,022,926.16	
Offset against Jan-01 Market AR	852,527.06	
Offset against Feb-01 settlement	750,453.39	
Offset against Mar-01 Market AR	2,968,438.10	
Offset against Apr-01 settlement	1,343,957.27	
Offset against May-01 settlement	15,842,288.70	
Cancelled Jun-01 Market AP invoices	56,824,014.52	
Offset against Jun-01 settlement	2,918,388.93	
CERS invoicing 1/17/02	46,409,293.42	
Offset against Aug-01 Market AR	420,525.82	
Offset against Sep-01 settlement	1,094,272.97	
Total Adjustments	<u>130,447,086.34</u>	46.584%
Balance Due to SCs	<u>\$ -</u>	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of July 2001

ISO Creditors to whom amounts are Owed:

VenID	Customer Name	Trade Month	Amount Owed	% of total owed to Creditors
Total Due to 40 SCs (Creditors)			\$ 10,277,476.61	100.000%

**Amounts owed by ISO Debtor that remain unpaid:
Final invoices were provided in the October 2001 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	11-Oct-01	16758	GMC	\$ 136,543.45	1.050%
1243	California Power Exchange (a)	11-Oct-01	16859	Mkt	12,865,688.01	98.891%
2528	Sacramento Municipal Utility District	11-Oct-01	16833	Mkt	7,789.66	0.060%
Total Due From SCs (Debtors)					\$ 13,010,021.12	100.000%

(a) - amounts attributable to PG&E pre-bankruptcy activity not available.

Due from SCs

Total Invoiced	\$ 164,800,889.14	100.000%
Collected 10/18/01	19,873,257.46	
Collected 12/20/01	317.80	
Collected 12/20/01	23,115,420.33	
Collected 4/22/02	193,057.24	
Collected 5/10/02	1,063,639.47	
Collected 6/18/02	142.31	
Collected 5/20/03	199,841.44	
Total Collected	44,445,676.05	26.969%
Offset against Feb-01 Market AP	469,087.92	
CERS invoicing 1/31/02	89,302,405.90	
Cancelled Jul-01 Market AR invoices	11.86	
Offset against Nov-01 Market AP	41.89	
Offset against Dec-01 Market AP	4,528.84	
Offset against Jan-02 Market AP	15,909,337.28	
Offset against Feb-02 Market AP	268,921.54	
Offset against Apr-02 Market AP	299,330.73	
Offset against May-02 Market AP	1,130,171.78	
Offset against Jun-02 Market AP	82,672.51	
Offsets against Offset TAC Oct 02	14,743.66	
Offsets against TAC Interest May 03	481.51	
Total Adjustments	107,481,735.42	65.219%
Add Uncollected Jul-01 GMC	136,543.45	0.083%
Balance Due from SCs	\$ 13,010,021.12	7.894%

Certification for Market Settlement August 20, 2003

For the Trade Month of July 2001

Due to SCs

Total Invoiced	<u>\$ 151,345,661.17</u>	100.000%
Paid 10/23/01	10,545,264.26	
Paid 12/6/01	5,846,603.13	
Paid to escrow for SCE TO and PG&E TOs 12/6/01	328,807.34	
Paid 1/28/02	24,786,230.71	
Paid to escrow for SCE TO and PG&E TOs 1/28/02	1,960,355.97	
Return TO Escrows 9/25/02	(2,289,163.31)	
Paid 9/25/02	2,289,163.31	
Paid 6/10/03	3,152,094.21	
Total Paid	<u>46,619,355.62</u>	30.803%
Offset against Dec-00 Market AR	521,806.27	
Offset against Jan-01 settlement	217,884.39	
Offset against Feb-01 settlements	236,583.07	
Offset against Mar-01 settlements	500,441.22	
Offset against Apr-01 settlements	3,826,303.78	
CERS invoicing 12/20/01	(1,083,046.56)	
Offset against May-01 Market AR	307,991.74	
Offset against Jun-01 settlements	48,629.85	
Offset against Jul-01 GMC	294,618.96	
CERS invoicing 1/31/02	89,843,885.78	
Adjustment to Jul-01 Market AP invoices	(751,301.31)	
Offset against Aug-01 settlements	36,352.31	
Offset against Jan-02 Market AR	417,172.16	
Offset against May-02 Market AR	159.74	
Offset against Aug-02 Market AR	24,670.28	
Offset against Oct-02 Market AR	6,677.26	
Total Adjustments	<u>94,448,828.94</u>	62.406%
Balance Due to SCs	<u>\$ 10,277,476.61</u>	6.791%

Certification for Market Settlement August 20, 2003

For the Trade Month of August 2001

ISO Creditors to whom amounts are Owed:

VenID	Customer Name	Trade Month	Amount Owed	% of total owed to Creditors
Total Due to 30 SCs (Creditors)			\$ 5,483,583.53	100.000%

**Amounts owed by ISO Debtor that remain unpaid:
Final invoices were provided in the November 2001 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	13-Nov-01	16998	GMC	\$ 122,647.12	92.849%
2528	Sacramento Municipal Utility District	13-Nov-01	17090	Mkt	7,723.00	5.847%
1024	Seattle City Light	13-Nov-01	17152	Mkt	1,722.46	1.304%
Total Due From SCs (Debtors)					\$ 132,092.58	100.000%

Due from SCs

Total Invoiced	\$ 99,021,266.64	100.000%
Collected 11/22/01	7,508,092.35	
Collected 2/12/02	24,390,401.48	
Collected 3/15/02	83,938.25	
Collected 4/22/02	346,567.41	
Collected 5/10/02	205,766.93	
Collected 5/10/02	148.07	
Collected 10/1/02	10,796.96	
Total Collected	32,545,711.45	32.867%
Offset against Nov-00 Market AP	966.51	
Offset against Jan-01 Market AP	3,075.26	
Offset against Feb-01 Market AP	43,250.87	
Offset against May-01 Market AP	28,824.96	
Offset against Jun-01 Market AP	420,533.76	
Offset against Jul-01 Market AP	36,288.89	
CERS invoicing 2/9/02	47,009,458.07	
Offset against Nov-01 Market AP	39.49	
Offset against Dec-01 Market AP	3,915.36	
Offset against Jan-02 Market AP	17,412,577.01	
Offset against May-02 Market AP	1,526.72	
Offset against Jun-02 Market AP	919,827.22	
Offset against Sep-02 Market AP	29,849.98	
Offset against TAC Refund Jun-03	435,640.81	
Offset against Mar-03 Market AP	120,334.82	
Total Adjustments	66,466,109.73	67.123%
Add Uncollected Aug-01 GMC	122,647.12	0.124%
Balance Due from SCs	\$ 132,092.58	0.133%

Certification for Market Settlement August 20, 2003

For the Trade Month of August 2001

Due to SCs

Total Invoiced	<u>\$ 85,928,223.67</u>	100.000%
Paid 11/29/01	4,241,737.12	
Paid 2/9/02	23,604,718.99	
Paid to escrow for SCE TO and PG&E TOs 2/9/02	3,264,327.39	
Return TO Escrows 9/25/02	(3,264,327.39)	
Paid 9/25/02	3,264,327.39	
Paid 6/10/03	1,697,882.79	
Total Paid	<u>32,808,666.29</u>	38.181%
Offset against Dec-00 Market AR	8,877.58	
Offset against Jan-01 settlement	7,114.42	
Offset against Feb-01 Market AR	104,715.74	
Offset against Mar-01 Market AR	100,911.95	
Offset against Aug-01 GMC	196,332.70	
CERS invoicing 2/9/02	47,084,215.16	
Cancelled Aug-01 Market AP invoices	844.19	
Offset against Nov-01 Market AR	6,408.00	
Offset against Nov-01 GMC	66,892.88	
Offset against Oct-02 Market AR	59,661.23	
Total Adjustments	<u>47,635,973.85</u>	55.437%
Balance Due to SCs	<u>\$ 5,483,583.53</u>	6.382%

Excess of Balance Due to SCs over Due from SCs

Attributable to Trade Month of June 2001	<u>\$ 5,351,490.95</u>
Total	<u>\$ 5,351,490.95</u>

Certification for Market Settlement August 20, 2003

For the Trade Month of September 2001

**Amounts owed by ISO Debtor that remain unpaid:
Final invoices were provided in the December 2001 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	12-Dec-01	17371	Mkt	\$ 6,652.14	86.460%
1024	Seattle City Light	12-Dec-01	17404	Mkt	1,041.79	13.540%
Total Due From SCs (Debtors)					\$ 7,693.93	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of September 2001

Due from SCs

Total Invoiced	<u>\$ 56,674,431.82</u>	100.000%
Collected 11/22/01	32,787,448.04	
Collected 12/20/01	21,995.34	
Collected 3/15/02	66,126.24	
Collected 4/22/02	94,579.24	
Collected 5/10/02	120,455.45	
Collected 5/10/02	114.49	
Collected 8/20/02	674.26	
Collected 10/1/02	7,591.23	
Total Collected	<u>33,098,984.29</u>	58.402%
Offset against Nov-00 Market AP	737.42	
Offset against Jan-01 Market AP	22,737.18	
Offset against Apr-01 Market AP	31.15	
Offset against Jun-01 Market AP	955,979.30	
CERS invoicing 12/15/01	8,498,892.50	
Cancelled Sep-01 Market AR invoices	926.17	
Offset against Nov-01 Market AP	35.20	
Offset against Dec-01 Market AP	3,029.78	
Offset against Jan-02 Market AP	14,032,440.50	
Offset against May-02 Market AP	2,069.71	
Offset against Sep-02 Market AP	25,422.60	
Offset against Mar-02 Market AP	25,452.09	
Total Adjustments	<u>23,567,753.60</u>	41.584%
Balance Due from SCs	<u>\$ 7,693.93</u>	0.014%

Certification for Market Settlement August 20, 2003

For the Trade Month of September 2001

Due to SCs

Total Invoiced	<u>\$ 43,087,383.75</u>	100.000%
Paid 12/21/01	28,050,102.89	
Paid to escrow for SCE TO and PG&E TOs 12/21/01	1,568,866.26	
Return TO Escrows 9/25/02	(1,568,866.26)	
Paid 9/25/02	1,568,866.26	
Total Paid	<u>29,618,969.15</u>	68.742%
Offset against Nov-00 Market AR	811,805.97	
Offset against Jan-01 Market AR	270,453.11	
Offset against Feb-01 GMC	9,619.33	
Offset against Mar-01 GMC	1,891.90	
Offset against Apr-01 Market AR	2,372,874.49	
Offset against Jun-01 GMC	2,068.06	
Offset against Jul-01 GMC	35.68	
Offset against Aug-01 GMC	100,144.19	
Offset against Sep-01 GMC	1,222,704.26	
CERS invoicing 12/15/01	8,498,892.50	
Cancelled Sep-01 Market AP invoices	11,810.64	
Offset against Jan-02 Market AR	166,114.47	
Total Adjustments	<u>13,468,414.60</u>	31.258%
Balance Due to SC	<u>\$ -</u>	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of October 2001

**Amounts owed by ISO Debtor that remain unpaid:
Final invoices were provided in the February 2002 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
1024	Seattle City Light	17-Jan-02	17625	Mkt	\$ 133.63	100.000%
Total Due From SCs (Debtors)					\$ 133.63	100.000%

(a) - amounts attributable to PG&E pre-bankruptcy activity not available.

Certification for Market Settlement August 20, 2003

For the Trade Month of October 2001

Due from SCs

Total Invoiced	<u>\$ 24,252,689.87</u>	100.000%
Collected 1/24/02	21,812,313.90	
Collected 2/5/02	1,823.64	
Collected 4/22/02	29,011.79	
Collected 8/20/02	433.73	
Collected 10/1/02	44.06	
Total Collected	<u>21,843,627.12</u>	90.067%
Offset against Nov-00 Market AP	35,165.10	
Offset against Jan-01 Market AP	10,040.35	
Offset against Oct-01 GMC	3,928.78	
CERS invoicing 1/24/02	2,328,766.03	
Cancelled Oct-01 Market AR invoices	0.61	
Offset against Sep-02 Market AP	29,159.84	
Offset against Mar-03 Market AP	1,868.41	
Total Adjustments	<u>2,408,929.12</u>	9.933%
Balance Due from SCs	<u>\$ 133.63</u>	0.001%

Due to SCs

Total Invoiced	<u>\$ 24,298,863.06</u>	100.000%
Paid 2/1/02	17,248,341.33	
Paid to escrow for SCE TO and PG&E TOs 2/1/02	723,737.83	
Return TO Escrows 9/25/02	(723,737.83)	
Paid 9/25/02	723,737.83	
Total Paid	<u>17,972,079.16</u>	73.963%
Offset against Jan-01 Market AR	669,681.38	
Offset against Feb-01 Market AR	85,994.58	
Offset against Mar-01 Market AR	136,548.99	
Offset against Apr-01 Market AR	10,568.12	
Offset against May-01 Market AR	2,090,978.88	
Offset against Sep-01 GMC	1,485.44	
CERS invoicing 1/25/02	2,328,766.03	
Offset against Oct-01 GMC	1,002,760.48	
Total Adjustments	<u>6,326,783.90</u>	26.037%
Balance Due to SCs	<u>\$ -</u>	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of November 2001

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and Final invoices were provided in the March 2002 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2769	Pacific Gas and Electric (California Power Exchange) (a)	01-Feb-02	17805	Mkt	\$ 2,819.24	18.030%
1011	Pacific Gas and Electric (a)	01-Feb-02	17858	Mkt	1,494.31	9.557%
2528	Sacramento Municipal Utility District	01-Feb-02	17816	Mkt	9,559.88	61.139%
1024	Seattle City Light	01-Feb-02	17850	Mkt	1,762.96	11.275%
Total Due From SCs (Debtors)					\$ 15,636.39	100.000%

(a) - pre-bankruptcy activity

Certification for Market Settlement August 20, 2003

For the Trade Month of November 2001

Due from SCs

Total Invoiced	<u>\$ 70,801,741.27</u>	100.000%
Collected 2/1/02	25,356,745.73	
Collected 2/9/02	260,618.08	
Collected 3/15/02	83,576.48	
Collected 4/22/02	187,143.54	
Collected 5/10/02	7,671.41	
Collected 5/10/02	13,431.51	
Collected 8/20/02	20.05	
Collected 10/1/02	12,187.13	
Total Collected	<u>25,921,393.93</u>	36.611%
Offset from Jan-01 Market AP	\$ 10,155,633.63	
Offset from Feb-01 settlements	20,712,536.75	
Offset to Mar-01 settlements	6,014,278.94	
Offset to Apr-01 settlements	1,476,933.31	
Offset to May-01 Market AR	650,231.81	
Offset to Jun-01 Market AR	3,841,166.03	
Offset to Jul-01 settlements	469,795.63	
Offset to Aug-01 settlements	81,165.09	
CERS invoicing 2/9/02	1,205,938.29	
Cancelled Nov-01 Market AR invoices	(78,481.58)	
Offset from Nov-01 settlements	169,932.64	
Offset from Dec-01 Market AP	127,041.85	
Offset from Jan-02 Market AP	7,836.63	
Offset from Sep-02 Market AP	30,701.93	
Total Adjustments	<u>44,864,710.95</u>	63.367%
Balance Due from SCs	<u>\$ 15,636.39</u>	0.022%

Certification for Market Settlement August 20, 2003

For the Trade Month of November 2001

Due to SCs

Total Invoiced	<u>\$ 26,176,318.18</u>	100.000%
Paid 2/11/02	21,489,842.65	
Paid to escrow for SCE TO and PG&E TOs 2/11/02	862,761.43	
Return TO Escrows 9/25/02	(862,761.43)	
Paid 9/25/02	862,761.43	
Total Paid	<u>22,352,604.08</u>	85.392%
Offset against Nov-01 Market AR	13,039.52	
Offset against Jan-01 Market AR	414,560.76	
Offset against Feb-01 Market AR	698,838.62	
Offset against Mar-01 settlements	118,223.30	
Offset against Apr-01 GMC	20,937.93	
Offset against May-01 settlements	361,527.12	
Offset against Jun-01 settlements	13,711.14	
Offset against Jul-01 Market AR	41.89	
Offset against Aug-01 Market AR	39.49	
Offset against Sep-01 Market AR	35.20	
CERS invoicing 2/9/02	1,205,938.29	
Offset against Nov-01 GMC	976,820.84	
Total Adjustments	<u>3,823,714.10</u>	14.608%
Balance Due to SCs	<u>\$ -</u>	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of December 2001

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and Final invoices were provided in the March 2002 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2769	Pacific Gas and Electric (California Power Exchange) (a)	26-Feb-02	18185	Mkt	\$ 383.66	3.807%
1011	Pacific Gas and Electric (a)	26-Feb-02	18235	Mkt	1,093.18	10.847%
3106	Pacific Gas and Electric (a)	26-Feb-02	18178	Mkt	35.58	0.353%
2528	Sacramento Municipal Utility District	26-Feb-02	18196	Mkt	7,255.21	71.989%
1024	Seattle City Light	26-Feb-02	18227	Mkt	1,310.55	13.004%
Total Due From SCs (Debtors)					\$ 10,078.18	100.000%

(a) - pre-bankruptcy activity

Certification for Market Settlement August 20, 2003

For the Trade Month of December 2001

Due from SCs

Invoiced 2/26/02	\$ 26,918,993.44	
Invoiced 3/15/02	268,961.63	
Total Invoiced	<u>27,187,955.07</u>	100.000%
Collected 3/5/02	26,341,057.65	
Collected 3/15/02	63,270.83	
Collected 3/22/02	153,169.93	
Collected 4/22/02	291,899.09	
Collected 5/10/02	5,894.20	
Collected 5/10/02	740.77	
Collected 8/20/02	6,578.70	
Collected 10/1/02	10,888.12	
Total Collected	<u>26,873,499.29</u>	98.843%
Offset to Nov-01 Market AR	8,701.39	
Offset from Dec-01 settlements	3,576.21	
Cancelled Dec-01 Market AR invoices	688.16	
Offset from Jan-02 Market AP	(40,859.67)	
Offset from Feb-02 Market AP	896.90	
Offset from Apr-02 Market AP	527.40	
Offset from May-02 Market AP	1,270.26	
Offset from Sep-02 Market AP	33,618.63	
Offset from Mar-03 Market AP	295,958.32	
Total Adjustments	<u>304,377.60</u>	1.120%
Balance Due from SCs	\$ 10,078.18	0.037%

Certification for Market Settlement August 20, 2003

For the Trade Month of December 2001

Due to SCs

Invoiced 2/26/02	\$ 26,494,616.09	
Invoiced 3/15/02	257,375.69	
Total Invoiced	<u>26,751,991.78</u>	100.000%
Paid 3/7/02	24,590,383.50	
Paid to escrow for SCE TO and PG&E TOs 3/7/02	391,428.83	
Paid 3/25/02	247,265.87	
Return TO Escrows 9/25/02	(391,428.83)	
Paid 9/25/02	391,428.83	
Total Paid	<u>25,229,078.20</u>	94.307%
Offset against Feb-01 settlements	202,886.43	
Offset against Mar-01 Market AR	6,259.33	
Offset against May-01 Market AR	2,634.29	
Offset against Jun-01 settlements	720,935.42	
Offset against Jul-01 settlements	82,749.06	
Offset against Aug-01 settlements	48,782.23	
Offset against Sep-01 settlements	5,117.95	
Offset against Nov-01 settlements	1,499.49	
Offset against Dec-01 settlements	451,321.95	
Offset against Jan-02 Market AR	727.43	
Total Adjustments	<u>1,522,913.58</u>	5.693%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of January 2002

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and Final invoices were provided in the April 2002 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
1024	Seattle City Light	27-Mar-02	18621	Mkt	\$ 772.16	9.863%
2528	Sacramento Municipal Utility District	27-Mar-02	18594	Mkt	7,056.30	90.137%
Total Due From SCs (Debtors)					\$ 7,828.46	100.000%

(a) - Balance reversed in June 2002

Certification for Market Settlement August 20, 2003

For the Trade Month of January 2002

Due from SCs

Invoiced 3/27/02	\$ 22,546,329.18	
Invoiced 4/15/02	737,997.05	
Total Invoiced	23,284,326.23	100.000%
Collected 4/3/02	22,167,798.16	
Collected 4/22/02	1,076,137.67	
Collected 5/10/02	8,751.41	
Collected 8/20/02	1,661.61	
Collected 5/20/03	43.07	
Total Collected	23,254,391.92	99.871%
Offset from Jan-02 Market AP	(47,299.20)	
Offset from Feb-02 Market AP	14,982.75	
Offset from May-02 Market AP	730.57	
Offset from Jun-02 Market AP	14,533.31	
Offset from Sep-02 Market AP	30,581.69	
Offset from Nov-02 Market AP	1,403.17	
Offset from Jan-03 Market AP	7,173.56	
Total Adjustments	22,105.85	0.095%
Balance Due from SCs	\$ 7,828.46	0.034%

Certification for Market Settlement August 20, 2003

For the Trade Month of January 2002

Due to SCs

Invoiced 3/27/02	\$ 114,376,518.97	
Invoiced 4/15/02	738,002.28	
Total Invoiced	<u>115,114,521.25</u>	100.000%
Paid 4/7/02	19,803,590.34	
Paid to escrow for SCE TO and PG&E TOs	452,812.40	
Paid 4/22/02	749,556.28	
Return TO Escrows 9/25/02	(452,812.40)	
Paid 9/25/02	452,812.40	
Total Paid	<u>21,005,959.02</u>	18.248%
Offset against Dec-00 Market AR	7,990.78	
Offset against Jan-01 settlements	210,037.36	
Offset against Feb-01 settlements	3,851,637.16	
Offset against Mar-01 settlements	2,721,931.90	
Offset against Apr-01 Market AR	7,219,456.42	
Offset against May-01 Market AR	13,887,229.46	
Offset against Jun-01 Market AR	16,305,296.39	
Offset against Jul-01 settlements	18,306,908.82	
Offset against Aug-01 Market AR	17,412,577.01	
Offset against Sep-01 settlements	13,866,326.03	
Offset against Nov-01 Market AR	(78,481.58)	
Offset against Dec-01 settlements	(58,410.37)	
Offset against Jan-01 settlements	456,062.85	
Total Adjustments	<u>94,108,562.23</u>	81.752%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of March 2002

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and Final invoices were provided in the June 2002 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	22-May-02	19233	Mkt	\$ 4,671.54	75.346%
1024	Seattle City Light	22-May-02	19257	Mkt	1,528.61	24.654%
Total Due From SCs (Debtors)					\$ 6,200.15	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of March 2002

Due from SCs

Invoiced 5/22/02	\$ 15,100,618.61	
Invoiced 6/11/02	331,332.83	
Total Invoiced	<u>15,431,951.44</u>	100.000%
Collected 5/30/02	14,673,266.13	
Collected 6/18/02	271,309.15	
Collected 7/1/02	215,096.46	
Collected 8/20/02	597.00	
Collected 10/1/02	3,683.28	
Collected 5/20/03	2,737.71	
Total Collected	<u>15,166,689.73</u>	98.281%
Offset from Jan-01 Market AP	269.43	
Offset from Mar-02 Market AP	120,067.63	
Cancelled Mar-02 Market AR invoices	16.06	
Offset from May-02 Market AP	1,440.93	
Offset from Jun-02 Market AP	63,920.49	
Offset from Jan-03 Market AP	33,902.88	
Offset from Mar-03 Market AP	39,444.14	
Total Adjustments	<u>259,061.56</u>	1.679%
Balance Due from SCs	\$ 6,200.15	0.040%

Due to SCs

Invoiced 5/22/02	\$ 14,572,034.58	
Invoiced 6/11/02	331,335.21	
Total Invoiced	<u>14,903,369.79</u>	100.000%
Paid 5/30/02	13,139,398.00	
Paid to escrow for SCE TO and PG&E TOs	322,104.39	
Paid 6/18/02	328,693.74	
Return TO Escrows 9/25/02	(322,104.39)	
Paid 9/25/02	322,104.39	
Total Paid	<u>13,790,196.13</u>	92.531%
Offset against Feb-01 Market AR	824,317.64	
Offset against May-01 Market AR	24,028.77	
Offset against Feb-02 Market AR	3,863.02	
Offset against Mar-02 Market AR	119,116.16	
Offset against Mar-02 GMC	141,848.07	
Total Adjustments	<u>1,113,173.66</u>	7.469%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of April 2002

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and Final invoices were provided in the July 2002 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
3189	Pacific Gas & Electric (a)	24-Jun-02	19619	Mkt	\$ 27,638.71	91.635%
2528	Sacramento Municipal Utility District	24-Jun-02	19579	Mkt	2,523.11	8.365%
Total Due From SCs (Debtors)					\$ 30,161.82	100.000%

(a) - pre-bankruptcy activity

Certification for Market Settlement August 20, 2003

For the Trade Month of April 2002

Due from SCs

Invoiced 6/24/02	\$ 20,866,962.71	
Invoiced 7/12/02	521,160.02	
Total Invoiced	<u>21,388,122.73</u>	100.000%
Collected 7/1/02	19,994,423.94	
Collected 7/19/02	851,178.47	
Collected 8/20/02	16.81	
Collected 10/1/02	29.57	
Collected 5/20/03	719.77	
Total Collected	<u>20,846,368.56</u>	97.467%
Offset to May-01 Market AR	(1,038.83)	
Offset from Apr-02 Market AP	6,663.60	
Cancelled Apr-02 Market AR invoices	467,771.91	
Offset from Jan-03 Market AP	33,904.86	
Offset from Mar-03 Market AP	4,290.81	
Total Adjustments	<u>511,592.35</u>	2.392%
Balance Due from SCs	\$ 30,161.82	0.141%

Certification for Market Settlement August 20, 2003

For the Trade Month of April 2002

Due to SCs

Invoiced 6/24/02	\$ 20,606,625.44	
Invoiced 7/12/02	724,765.82	
Total Invoiced	<u>21,331,391.26</u>	100.000%
Paid 7/1/02	18,869,294.59	
Paid to escrow for SCE TO and PG&E TOs	664,427.74	
Paid 7/19/02	650,837.45	
Return TO Escrows 9/25/02	(664,427.74)	
Paid 9/25/02	664,427.74	
Total Paid	<u>20,184,559.78</u>	94.624%
Offset against Nov-00 Market AR	338,322.71	
Offset against Dec-00 Market AR	4,492.23	
Offset against Feb-01 Market AR	161,557.16	
Offset against Apr-01 Market AR	21,036.25	
Offset against May-01 Market AR	4.49	
Offset against Jul-01 Market AR	297,955.50	
Offset against Dec-01 Market AR	527.40	
Offset against Feb-02 Market AR	12.95	
Offset against Apr-02 GMC	316,259.19	
Adjustment to Apr-02 Market AR	6,663.60	
Total Adjustments	<u>1,146,831.48</u>	5.376%
Balance Due to SCs	<u>\$ -</u>	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of May 2002

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and Final invoices were provided in the August 2002 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
3189	Pacific Gas & Electric (b)	25-Jul-02	20000	Mkt	21,380.62	86.242%
2528	Sacramento Municipal Utility District	25-Jul-02	19958	Mkt	2,634.00	10.625%
1024	Seattle City Light	25-Jul-02	19992	Mkt	776.79	3.133%
Total Due From SCs (Debtors)					\$ 24,791.41	100.000%

(a) - amounts attributable to PG&E pre-bankruptcy activity not available.

(b) - pre-bankruptcy activity

Certification for Market Settlement August 20, 2003

For the Trade Month of May 2002

Due from SCs

Invoiced 7/25/02	\$ 31,175,365.79	
Invoiced 8/13/02	669,522.59	
Total Invoiced	31,844,888.38	100.000%
Collected 8/1/02	30,546,586.19	
Collected 8/20/02	820,407.85	
Collected 9/18/02	276.02	
Collected 10/1/02	2,035.39	
Collected 5/20/03	770.77	
Total Collected	31,370,076.22	98.509%
Offset to Jan-01 Market AP	1,215.97	
Offset to Jul-01 Market AP	159.74	
Offset to May-02 Market AP	848.46	
Cancelled May-02 Market AR invoices	7.92	
Offset to Jun-02 settlement	535.58	
Offset to Jan-03 settlement	13,901.23	
Offset to Feb-03 settlement	22,590.69	
Offset to Mar-03 settlement	406,817.73	
Offset to TAC PreB May 03	3,943.43	
Total Adjustments	450,020.75	1.413%
Balance Due from SCs	\$ 24,791.41	0.078%

Certification for Market Settlement August 20, 2003

For the Trade Month of May 2002

Due to SCs

Invoiced 7/25/02	\$ 32,041,279.88	
Invoiced 8/13/02	669,527.89	
Total Invoiced	<u>32,710,807.77</u>	100.000%
Paid 8/1/02	25,783,515.06	
Paid to escrow for SCE TO and PG&E TOs	1,903,725.39	
Paid 8/20/02	667,937.16	
Return TO Escrows 9/25/02	(1,903,725.39)	
Paid 9/25/02	1,903,725.39	
Total Paid	<u>28,355,177.61</u>	86.684%
Offset to Feb-01 Market AR	874,060.48	
Offset to May-01 Market AR	100,721.86	
Offset to Jul-01 Market AR	1,130,164.64	
Offset to Aug-01 Market AR	1,526.72	
Offset to Sep-01 Market AR	2,069.71	
Offset to Dec-01 Market AR	1,270.12	
Offset to Jan-02 Market AR	730.57	
Offset to Mar-02 Market AR	1,445.58	
Offset against May-02 GMC	83,167.68	
Offset to Apr-02 Market AP	2,160,472.80	
Total Adjustments	<u>4,355,630.16</u>	13.316%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of June 2002

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and Final invoices were provided in the September 2002 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	22-Aug-02	20538	Mkt	\$ 3,075.63	78.374%
1024	Seattle City Light	22-Aug-02	20566	Mkt	848.68	21.626%
Total Due From SCs (Debtors)					\$ 3,924.31	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of June 2002

Due from SCs

Invoiced 8/22/02	\$ 41,423,230.71	
Invoiced 9/11/02	1,452,762.88	
Total Invoiced	<u>42,875,993.59</u>	100.000%
Collected 8/29/02	40,630,336.68	
Collected 9/18/02	1,432,388.85	
Collected 10/1/02	612,794.58	
Collected 12/2/02	13,974.47	
Collected 1/6/02	78,660.67	
Total Collected	<u>42,768,155.25</u>	99.748%
Offset from Jan-02 Market AP	656.79	
Offset to Jun-02 Market AP	1,231.26	
Cancelled Jun-02 Market AR invoices	2.21	
Offset from Jul-02 Market AP	32,333.73	
Offset from Aug-02 Market AP	6,269.93	
Offset from Sep-02 Market AP	224.02	
Offset from Feb-03 Market AP	36,138.95	
Offset from Mar-03 Market AP	27,057.14	
Total Adjustments	<u>103,914.03</u>	0.242%
Balance Due from SCs	\$ 3,924.31	0.009%

Certification for Market Settlement August 20, 2003

For the Trade Month of June 2002

Due to SCs

Invoiced 8/22/02	\$ 41,333,839.93	
Invoiced 9/11/02	1,453,060.64	
Total Invoiced	<u>42,786,900.57</u>	100.000%
Paid 8/122/02	31,368,311.51	
Paid to escrow for SCE TO and PG&E TOs	7,938,370.40	
Paid 9/18/02	1,366,526.12	
Return TO Escrows 9/25/02	(7,938,370.40)	
Paid 9/25/02	7,938,370.40	
Total Paid	<u>40,673,208.03</u>	95.060%
Offset to Feb-01 Market AR	931,031.14	
Offset to May-01 Market AR	2,083.76	
Offset to Jun-01 Market AR	813.31	
Offset to Jul-01 Market AR	82,672.51	
Offset to Aug-01 Market AR	919,827.22	
Offset to Sep-01 Market AR	906.58	
Offset to Nov-01 Market AR	1,154.75	
Offset to Dec-01 Market AR	687.36	
Offset to Jan-02 Market AR	14,533.31	
Offset to Feb-02 Market AR	16,330.54	
Offset to Mar-02 Market AR	63,920.49	
Offset to Apr-02 Market AR	729.69	
Offset to May Market AR	535.57	
Offset to Jun settlements	78,466.31	
Total Adjustments	<u>2,113,692.54</u>	4.940%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of July 2002

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and Final invoices were provided in the October 2002 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	24-Sep-02	20881	Mkt	\$ 2,405.80	78.367%
1024	Seattle City Light	24-Sep-02	20911	Mkt	664.11	21.633%
Total Due From SCs (Debtors)					\$ 3,069.91	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of July 2002

Due from SCs

Invoiced 9/24/02	\$ 52,734,302.15	
Invoiced 10/11/02	249,382.19	
Total Invoiced	52,983,684.34	100.000%
Collected 10/1/02	52,077,411.26	
Collected 10/18/02	303,899.26	
Collected 10/31/02	20.88	
Collected 1/6/03	162,399.54	
Collected 2/4/03	39,047.95	
Collected 4/3/03	101,599.85	
Total Collected	52,684,378.74	99.435%
Offset from Jul-02 Market AP invoices	6,427.29	
Offset from Jul-02 TAC refund	211,629.35	
Cancelled Jul-02 Market AR invoices	15.94	
Offset from Aug-02 Market AP invoices	0.24	
Offset from Sep-02 Market AP invoices	240.73	
Offset from Oct-02 Market AP invoices	721.45	
Offset from Nov-02 Market AP invoices	1,921.17	
Offset from Feb-03 Market AP invoices	75,279.52	
Total Adjustments	296,235.69	0.559%
Balance Due from SCs	\$ 3,069.91	0.006%

Certification for Market Settlement August 20, 2003

For the Trade Month of July 2002

Due to SCs

Invoiced 9/24/02	\$ 52,626,825.01	
Invoiced 10/11/02	249,603.98	
Total Invoiced	<u>52,876,428.99</u>	100.000%
Paid 10/1/02	47,863,205.21	
Paid 10/18/02	194,713.68	
Total Paid	<u>48,057,918.89</u>	90.887%
Offset to Feb-01 Market AR	3,303,732.56	
Offset to Mar-01 Market AR	881,754.53	
Offset to May-01 settlements	128,935.29	
Offset to Jun-01 settlements	113,422.38	
Offset to Jul-01 settlements	115,199.37	
Offset to Aug-01 settlements	111,510.03	
Offset to Sept-01 settlements	46,385.90	
Offset to Jan-02 settlements	659.40	
Offset to Feb-02 settlements	8,498.31	
Offset to Apr-02 settlements	316.92	
Offset to May-02 settlements	1,177.62	
Offset to Jun-02 settlements	340.27	
Offset to Jul-02 settlements	106,577.52	
Total Adjustments	<u>4,818,510.10</u>	9.113%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of August 2002

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and Final invoices were provided in the November 2002 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	24-Oct-02	21335	Mkt	1,650.04	71.072%
1024	Seattle City Light	24-Oct-02	21369	Mkt	671.59	28.928%
Total Due From SCs (Debtors)					\$ 2,321.63	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of August 2002

Due from SCs

Invoiced 10/24/02	\$ 37,648,852.42	
Invoiced 11/12/02	2,111,000.84	
Total Invoiced	<u>39,759,853.26</u>	100.000%
Collected 10/31/02	37,297,377.77	
Collected 11/19/02	2,102,023.81	
Collected 2/4/03	17,585.83	
Collected 5/20/03	1,899.35	
Total Collected	<u>39,418,886.76</u>	99.142%
Offset from Aug-02 Market AP invoices	207.90	
Cancelled Aug-02 Market AR invoices	15.04	
Offset from Sep-02 Market AP invoices	7,902.80	
Offset from Oct-02 Market AP invoices	72.33	
Offset from Nov-02 Market AP invoices	2,219.19	
Offset from Feb-03 Market AP invoices	53,771.04	
Offset from Mar-03 Market AP invoices	249,786.29	
Offset from Jul-01 Market AP invoices	24,670.28	
Total Adjustments	<u>338,644.87</u>	0.852%
Balance Due from SCs	\$ 2,321.63	0.006%

Due to SCs

Invoiced 10/24/02	\$ 37,522,724.30	
Invoiced 11/12/02	2,110,979.48	
Total Invoiced	<u>39,633,703.78</u>	100.000%
Paid 10/31/02	34,209,868.94	
Paid 10/19/02	2,070,947.63	
Total Paid	<u>36,280,816.57</u>	91.540%
Offset to Mar-01 Market AR	2,925,386.66	
Offset to Jun-02 settlements	6,269.93	
Offset to Jul-02 TAC refund settlements	324,007.10	
Offset to Jul-02 settlements	0.24	
Offset to Aug-02 settlements	97,223.28	
Total Adjustments	<u>3,352,887.21</u>	8.460%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of September 2002

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and Final invoices were provided in the December 2002 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	21-Nov-02	21767	Mkt	\$ 1,846.75	74.257%
1024	Seattle City Light	21-Nov-02	21795	Mkt	640.21	25.743%
Total Due From SCs (Debtors)					\$ 2,486.96	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of September 2002

Due from SCs

Invoiced 11/21/02	\$ 42,056,863.82	
Invoiced 12/12/02	2,522,244.79	
Total Invoiced	<u>44,579,108.61</u>	100.000%
Collected 12/2/02	42,037,175.16	
Collected 12/19/02	2,515,835.07	
Collected 1/6/03	26.55	
Collected 2/4/03	15,653.59	
Collected 5/20/03	1,535.40	
Total Collected	<u>44,570,225.77</u>	99.980%
Offset from Sep-02 Market AP invoices	6,373.39	
Cancelled Sep-02 Market AR invoices	9.83	
Offset from Oct-02 Market AP invoices	12.66	
Total Adjustments	<u>6,395.88</u>	0.014%
Balance Due from SCs	\$ 2,486.96	0.006%

Certification for Market Settlement August 20, 2003

For the Trade Month of September 2002

Due to SCs

Invoiced 11/21/02	\$ 41,985,333.58	
Invoiced 12/12/02	2,522,267.82	
Total Invoiced	<u>44,507,601.40</u>	100.000%
Paid 12/2/02	37,689,483.93	
Paid 12/20/02	2,499,310.91	
Total Paid	<u>40,188,794.84</u>	90.296%
Offset to Mar-01 Market AR	1,694,420.67	
Offset to Apr-01 Market AR	2,325,069.44	
Offset to Jun-01 Market AR	9,647.25	
Offset to Aug-01 Market AR	29,849.98	
Offset to Sep-01 Market AR	25,422.60	
Offset to Oct-01 Market AR	29,159.84	
Offset to Nov-01 Market AR	30,701.93	
Offset to Dec-01 Market AR	33,618.63	
Offset to Jan-02 Market AR	30,581.69	
Offset to Jun-02 Market AR	224.02	
Offset to Jul-02 Market AR	240.73	
Offset to Aug-02 Market AR	7,902.80	
Offset to Sep-02 Market AR	6,383.22	
Offset to Sep-02 GMC	95,583.76	
Total Adjustments	<u>4,318,806.56</u>	9.704%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of October 2002

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and Final invoices were provided in the January 2003 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
1625	Western Area Lower Colorado	17-Jan-03	22585	GMC	\$ 2,091.19	44.761%
2528	Sacramento Municipal Utility District	27-Dec-02	22168	Mkt	1,943.14	41.592%
1024	Seattle City Light	27-Dec-02	22196	Mkt	637.62	13.648%
Total Due From SCs (Debtors)					\$ 4,671.95	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of October 2002

Due from SCs

Invoiced 12/27/02	\$ 27,569,344.74	
Invoiced 1/17/03	2,241,093.69	
Total Invoiced	<u>29,810,438.43</u>	100.000%
Collected 1/6/03	26,892,370.93	
Collected 1/27/03	1,819,139.24	
Collected 2/4/03	242,650.53	
Collected 4/22/03	66.84	
Collected 5/20/03	2,625.23	
Total Collected	<u>28,956,852.77</u>	97.137%
Offset from Oct-02 Market AP invoices	392,403.35	
Cancelled Oct-02 Market AR invoices	5.48	
Offset from Jul-01 Market AP invoices	6,677.26	
Offset from Aug-01 Market AP invoices	59,661.23	
Offset from Mar-03 Market AP invoices	102,146.31	
Offset from Apr-03 Market AP invoices	290,111.27	
Total Adjustments	<u>851,004.90</u>	2.855%
Add Uncollected Oct-02 GMC	<u>2,091.19</u>	0.008%
Balance Due from SCs	\$ 4,671.95	0.016%

Certification for Market Settlement August 20, 2003

For the Trade Month of October 2002

Due to SCs

Invoiced 12/27/02	\$ 27,508,618.67	
Invoiced 1/17/03	2,241,083.36	
Total Invoiced	<u>29,749,702.03</u>	100.000%
Paid 1/6/03	26,353,941.82	
Paid 1/27/03	2,225,634.51	
Total Paid	<u>28,579,576.33</u>	96.067%
Offset to Apr-01 Market AR	1,060,802.77	
Offset to Aug-02 Market AR	53.36	
Offset to Oct-02 Market AR	15,445.46	
Offset to Oct-02 GMC	93,824.11	
Total Adjustments	<u>1,170,125.70</u>	3.933%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of November 2002

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and Final invoices were provided in the February 2003 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	28-Jan-03	22917	Mkt	2,233.53	75.288%
1024	Seattle City Light	28-Jan-03	22945	Mkt	733.12	24.712%
Total Due From SCs (Debtors)					\$ 2,966.65	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of November 2002

Due from SCs

Invoiced 1/28/03	\$ 28,369,616.60	
Invoiced 2/14/03	6,638,487.22	
Total Invoiced	35,008,103.82	100.000%
Collected 2/4/03	27,752,774.12	
Collected 2/24/03	6,642,887.33	
Collected 3/5/03	61,939.41	
Collected 4/3/03	74,802.00	
Collected 4/30/03	83,211.88	
Collected 5/20/03	79,256.95	
Total Collected	34,694,871.69	99.105%
Offset from Nov-02 Market AP invoices	10.33	
Offset from Dec-02 Market AP invoices	4,456.37	
Offset from Apr-03 Market AP invoices	28,397.30	
Offset from Apr-03 Market AP invoices	277,401.48	
Total Adjustments	310,265.48	0.886%
Balance Due from SCs	\$ 2,966.65	0.008%

Certification for Market Settlement August 20, 2003

For the Trade Month of November 2002

Due to SCs

Invoiced 1/28/03	\$ 28,324,476.71	
Invoiced 2/14/03	6,638,488.76	
Total Invoiced	<u>34,962,965.47</u>	100.000%
Paid 2/4/03	26,082,635.70	
Paid 2/24/03	6,307,072.10	
Paid escrow accounts for creditors	1,277,297.62	
Total Paid	<u>33,667,005.42</u>	96.293%
Offset to Feb-01 Market AR	3,511.43	
Offset to Apr-01 Market AR	371,537.07	
Offset to May-01 Market AR	859,354.83	
Offset to Jan-02 Market AR	1,403.17	
Offset to Jul-02 Market AR	1,921.17	
Offset to Aug-02 Market AR	2,219.19	
Offset to Sep-02 Market AR	7.47	
Offset to Oct-02 Market AR	546.92	
Offset to Nov-02 Market AR	6.17	
Offset to Nov-02 GMC	55,452.63	
Total Adjustments	<u>1,295,960.05</u>	3.707%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of December 2002

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and Final invoices were provided in the March 2003 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	26-Feb-03	23286	Mkt	1,746.51	75.288%
1024	Seattle City Light	26-Feb-03	23316	Mkt	573.26	24.712%
Total Due From SCs (Debtors)					\$ 2,319.77	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of December 2002

Due from SCs

Invoiced 2/26/03	\$ 34,151,178.83	
Invoiced 3/17/03	1,242,347.49	
Total Invoiced	35,393,526.32	100.000%
Collected 3/5/03	33,612,409.68	
Collected 3/24/03	1,206,333.10	
Collected 4/3/03	13,277.76	
Collected 5/20/03	66,145.97	
Total Collected	34,898,166.51	98.600%
Cancelled Oct-02 Market AR invoices	18.32	
Offset from Dec-02 GMC invoices	9,745.80	
Offset from Mar-03 Market AP invoices	2,862.51	
Offset from May-03 Market AP invoices	480,413.41	
Total Adjustments	493,040.04	1.393%
Balance Due from SCs	\$ 2,319.77	0.007%

Certification for Market Settlement August 20, 2003

For the Trade Month of December 2002

Due to SCs

Invoiced 2/26/03	\$ 34,142,354.32	
Invoiced 3/17/03	1,242,346.58	
Total Invoiced	<u>35,384,700.90</u>	100.000%
Paid 3/5/03	32,142,964.52	
Paid 3/24/03	1,205,960.69	
Paid escrow accounts for creditors	1,061,261.60	
Total Paid	<u>34,410,186.81</u>	97.246%
Offset to May-01 Market AR	860,516.21	
Offset to Sep-02 Market AR	169.20	
Offset to Nov-02 Market AR	4,456.37	
Cancelled Dec-02 Market AP invoice	23,300.88	
Offset to Dec-02 GMC	86,071.43	
Total Adjustments	<u>974,514.09</u>	2.754%
Balance Due to SCs	<u>\$ -</u>	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of January 2003

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and Final invoices were provided in the April 2003 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2528	Sacramento Municipal Utility District	27-Mar-03	23674	Mkt	1,255.15	75.288%
1024	Seattle City Light	27-Mar-03	23701	Mkt	411.98	24.712%
Total Due From SCs (Debtors)					\$ 1,667.13	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of January 2003

Due from SCs

Invoiced 3/27/03	\$ 31,124,695.87	
Invoiced 4/15/03	4,999,400.97	
Total Invoiced	<u>36,124,096.84</u>	100.000%
Collected 4/3/03	30,540,991.59	
Collected 4/22/03	1,301,419.65	
Collected 5/20/03	77,848.51	
Total Collected	<u>31,920,259.75</u>	88.363%
Cancelled Jan-03 Market AR invoices	10.56	
Offset from Jan-03 Market AP invoices	3,696,770.52	
Offset from Mar-03 Market AP invoices	1,210.62	
Offset from May-03 Market AP invoices	504,178.26	
Total Adjustments	<u>4,202,169.96</u>	11.633%
Balance Due from SCs	\$ 1,667.13	0.005%

Certification for Market Settlement August 20, 2003

For the Trade Month of January 2003

Due to SCs

Invoiced 3/27/03	\$ 31,104,871.59	
Invoiced 4/15/03	4,999,399.61	
Total Invoiced	<u>36,104,271.20</u>	100.000%
Paid 4/5/03	30,533,253.70	
Paid 4/22/03	1,047,923.26	
Paid escrow accounts for creditors	198,471.18	
Total Paid	<u>31,779,648.14</u>	88.022%
Offset to May-01 Market AR	446,519.83	
Offset to Jan-02 Market AR	7,173.56	
Offset to Feb-02 Market AR	30,976.68	
Offset to Mar-02 Market AR	33,902.88	
Offset to Apr-02 Market AR	33,904.86	
Offset to May-02 Market AR	13,900.75	
Offset to Jan-03 GMC invoices	61,473.98	
Offset to Jan-03 Market AP invoices	3,696,770.52	
Total Adjustments	<u>4,324,623.06</u>	11.978%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of February 2003

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and Final invoices were provided in the May 2003 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
3188	PGAE - COTB	23-Apr-03	24034	Mkt	\$ 353,429.38	97.835%
3189	PGAE - COTB	13-May-03	24410	Mkt	5,573.23	1.543%
2528	Sacramento Municipal Utility District	23-Apr-03	24053	Mkt	2,144.28	0.594%
1024	Seattle City Light	23-Apr-03	24080	Mkt	89.02	0.025%
1625	Western Area Lower Colorado	23-Apr-03	24062	Mkt	13.60	0.004%
Total Due From SCs (Debtors)					\$ 361,249.51	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of February 2003

Due from SCs

Invoiced 4/23/03	\$ 45,031,613.44	
Invoiced 5/13/03	2,034,464.32	
Total Invoiced	<u>47,066,077.76</u>	100.000%
Collected 4/30/03	44,387,935.84	
Collected 5/20/03	2,112,699.75	
Total Collected	<u>46,500,635.59</u>	98.799%
Cancelled Feb-03 Market AR invoices	8.80	
Offset from Mar-03 Market AP invoices	1,356.92	
Offset from May-03 GMC AP invoices	104,927.53	
Offset from May-03 Market AP invoices	97,899.41	
Total Adjustments	<u>204,192.66</u>	0.434%
Balance Due from SCs	\$ 361,249.51	0.768%

Certification for Market Settlement August 20, 2003

For the Trade Month of February 2003

Due to SCs

Invoiced 4/23/03	\$ 45,012,450.49	
Invoiced 5/13/03	2,034,484.44	
Total Invoiced	<u>47,046,934.93</u>	100.000%
Paid 4/30/03	44,358,953.14	
Paid 5/20/03	1,846,773.38	
Total Paid	<u>46,205,726.52</u>	98.212%
Offset to May-01 Market AR	192,651.96	
Offset to Jun-01 Market AR	415,398.95	
Offset to May-02 Market AR	22,590.69	
Offset to Jun-02 Market AR	36,138.95	
Offset to Jul-02 Market AR	75,279.52	
Offset to Aug-02 Market AR	53,701.90	
Offset to Feb-03 GMC invoices	45,446.44	
Total Adjustments	<u>841,208.41</u>	1.788%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of March 2003

Amounts owed by ISO Debtor that remain unpaid:

Preliminary and Final invoices were provided in the June 2003 certification.

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
3188	PGAE - COTB	22-May-03	24624	Mkt	\$ 837,161.99	92.190%
3189	PGAE - COTB	11-Jun-03	25024	Mkt	69,323.94	7.634%
2528	Sacramento Municipal Utility District	22-May-03	24643	Mkt	1,531.29	0.169%
1024	Seattle City Light	22-May-03	24672	Mkt	65.79	0.007%
Total Due From SCs (Debtors)					\$ 908,083.01	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of March 2003

Due from SCs

Invoiced 5/22/03	\$ 65,372,530.72	
Invoiced 6/11/03	8,715,829.18	
Total Invoiced	74,088,359.90	100.000%
Collected 5/30/03	64,523,361.83	
Collected 6/18/03	3,028,934.33	
Collected 7/1/03	10.40	
Total Collected	67,552,306.56	91.178%
Cancelled Mar-03 Market AR invoices	10.00	
Offset from Mar-03 Market AP invoices	5,621,180.70	
Offset from TAC PreB Mar-03 invoices	6,779.63	
Total Adjustments	5,627,970.33	7.596%
Balance Due from SCs	\$ 908,083.01	1.226%

Certification for Market Settlement August 20, 2003

For the Trade Month of March 2003

Due to SCs

Invoiced 5/22/03	\$ 65,359,173.26	
Invoiced 6/11/03	8,715,830.82	
Total Invoiced	<u>74,075,004.08</u>	100.000%
Paid 5/30/03	64,685,093.45	
Paid 6/18/03	3,094,648.16	
Total Paid	<u>67,779,741.61</u>	91.502%
Offset to Mar-03 GMC invoices	73,989.76	
Offset to Jun-01 Market AR	350,305.87	
Offset to Aug-02 Market AR	249,786.29	
Offset to Mar-03 Market AR	5,621,180.55	
Total Adjustments	<u>6,295,262.47</u>	8.498%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of April 2003

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and Final invoices were provided in the July 2003 certification.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
2425	PG&E Energy Trading Power, L.P.	14-Jul-03	25440	Mkt	23.28	0.011%
3188	PGAE - COTB	24-Jun-03	25261	Mkt	200,404.32	98.624%
3188	PGAE - COTB	14-Jul-03	25421	Mkt	976.73	0.481%
2528	Sacramento Municipal Utility District	24-Jun-03	25278	Mkt	1,712.45	0.843%
1024	Seattle City Light	24-Jun-03	25305	Mkt	73.55	0.036%
1625	Western Area Lower Colorado	24-Jun-03	25285	Mkt	10.81	0.005%
Total Due From SCs (Debtors)					\$ 203,201.14	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of April 2003

Due from SCs

Invoiced 6/24/03	\$ 41,398,190.85	
Invoiced 7/21/03	213,354.93	
Total Invoiced	<u>41,611,545.78</u>	100.000%
Collected 7/1/03	34,621,758.70	
Collected 7/21/03	212,294.11	
Collected 7/31/03	69.37	
Total Collected	<u>34,834,122.18</u>	83.713%
Cancelled Apr-03 Market AR invoices	8.80	
Offset from Apr-03 Market AP invoices	6,574,173.40	
Offset from Apr-03 GMC AP invoices	0.47	
Offset from May-03 Market AP invoices	39.79	
Total Adjustments	<u>6,574,222.46</u>	15.799%
Balance Due from SCs	\$ 203,201.14	0.488%

Certification for Market Settlement August 20, 2003

For the Trade Month of April 2003

Due to SCs

Invoiced 6/24/03	\$ 41,381,806.55	
Invoiced 7/21/03	213,354.89	
Total Invoiced	<u>41,595,161.44</u>	100.000%
Paid 7/1/03	33,905,620.76	
Paid 7/21/03	182,064.40	
Total Paid	<u>34,087,685.16</u>	81.951%
Offset to Apr-03 GMC invoices	562,732.34	
Offset to 2002 FERC Fees	52,061.97	
Offset to Oct-02 Market AR	290,111.27	
Offset to Nov-02 Market AR	28,397.30	
Offset to Apr-03 Market AR	6,574,173.40	
Total Adjustments	<u>7,507,476.28</u>	18.049%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of May 2003

**Amounts owed by ISO Debtor that remain unpaid:
Preliminary and Final invoices are attached.**

VenID	Customer Name	Date	Inv #	Type	Unpaid Balance	% of total due from Debtors
1504	City of Glendale	12-Aug-03	25859	Mkt	\$ 12.09	0.004%
3568	Mirant Inc. - MAEM	12-Aug-03	25805	Mkt	113.35	0.041%
3188	PGAE - COTB	24-Jul-03	25640	Mkt	155,406.46	56.126%
3188	PGAE - COTB	12-Aug-03	25820	Mkt	3,102.80	1.121%
3247	PG&E Energy Trading	24-Jul-03	25635	Mkt	79,980.59	28.885%
2425	PG&E Energy Trading Power, L.P.	24-Jul-03	25664	Mkt	31,001.15	11.196%
2426	PG&E Energy Trading Power, L.P.	12-Aug-03	25844	Mkt	39.97	0.014%
2528	Sacramento Municipal Utility District	24-Jul-03	25661	Mkt	1,825.83	0.659%
1024	Seattle City Light	24-Jul-03	25691	Mkt	78.42	0.028%
2906	Sempra Energy Solutions	12-Aug-03	25829	Mkt	5,318.59	1.921%
1625	Western Area Lower Colorado	24-Jul-03	25671	Mkt	11.48	0.004%
Total Due From SCs (Debtors)					\$ 276,890.73	100.000%

Certification for Market Settlement August 20, 2003

For the Trade Month of May 2003

Due from SCs

Invoiced 7/24/03	\$ 48,782,339.99	
Invoiced 8/12/03	233,486.73	
Total Invoiced	<u>49,015,826.72</u>	100.000%
Collected 7/31/03	48,513,826.93	
Collected 8/19/03	224,893.11	
Total Collected	<u>48,738,720.04</u>	99.435%
Cancelled May-03 Market AR invoices	8.55	
Offset from May-03 Market AP invoices	207.40	
Total Adjustments	<u>215.95</u>	0.000%
Balance Due from SCs	\$ 276,890.73	0.565%

Certification for Market Settlement August 20, 2003

For the Trade Month of May 2003

Due to SCs

Invoiced 7/24/03	\$ 48,763,385.17	
Invoiced 8/12/03	233,487.19	
Total Invoiced	<u>48,996,872.36</u>	100.000%
Paid 7/31/03	46,672,852.66	
Paid 8/19/03	167,183.69	
Total Paid	<u>46,840,036.35</u>	95.598%
Offset to May-03 GMC invoices	796,693.57	
Offset to 2002 FERC Fees	2.69	
Offset to Nov-02 Market AR	277,401.48	
Offset to Dec-02 Market AR	480,413.41	
Offset to Jan-03 Market AR	504,178.26	
Offset to Feb-03 Market AR	97,899.41	
Offset to Apr-03 Market AR	39.79	
Offset to May-03 Market AR	207.40	
Total Adjustments	<u>2,156,836.01</u>	4.402%
Balance Due to SCs	\$ -	0.000%

Certification for Market Settlement August 20, 2003

For the Trade Months of:

**November 2000
December 2000**

**January 2001
February 2001
March 2001
April 2001
May 2001
June 2001
July 2001
August 2001
September 2001
October 2001
November 2001
December 2001**

**January 2002
March 2002
April 2002
May 2002
June 2002
July 2002
August 2002
September 2002
October 2002
November 2002
December 2002**

**January 2003
February 2003
March 2003
April 2003
May 2003**

Certification:

I, William J. Regan, Jr., hereby certify as Chief Financial Officer at the California Independent System Operator Corporation ("ISO") that the following information and schedules and attached invoices of ISO Debtors is a true and accurate reflection of the current financial data set forth.

Dated: August 20, 2003

Signature:

/s/ William J. Regan, Jr.

by: William J. Regan, Jr. Chief Financial Officer

EXHIBIT 2

**California Independent
System Operator Corporation**

**Management Assertion Relating to
Distribution of Cash from CDWR for Trade
Months January 2001 through July 2001**

May 31, 2002

**California Independent System Operator Corporation
Management Assertion Relating to Distribution of Cash from
CDWR for Trade Months January 2001 through July 2001
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Report of Independent Accountants

To Members of the Board of Governors and Management of the
California Independent System Operator Corporation

We have examined the accompanying Management Assertion dated May 31, 2002, regarding compliance of the California Independent System Operator Corporation (ISO) with its allocation rules described in Exhibit I (Allocation Rules). These allocation rules relate to the ISO's distribution of cash collected from the California Department of Water Resources (CDWR) for trade months January 2001 through July 2001. Management is responsible for the ISO's compliance with those requirements. Our responsibility is to express an opinion on management's assertion regarding the ISO's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence regarding the ISO's compliance with those Allocation Rules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination as to the ISO's compliance with specified requirements, nor did we assess the consistency of the Allocation Rules with either the ISO Federal Energy Regulatory Commission (FERC) Electric Tariff (Tariff) or its compliance filing with the FERC in Docket Nos. ER01-3013-00 and ER01-889-008 dated November 21, 2001 (the Compliance Filing). In our opinion, Management's Assertion that the ISO complied with the Allocation Rules for the trade months of January 2001 through July 2001, as it relates to cash collected from CDWR is fairly stated, in all material respects.

As described in the Management Assertion, beginning in February 2002, certain ISO market participants made filings with FERC, asserting that the ISO did not properly follow its Compliance Filing in distributing cash received for trade activity in January 2001. These filings asserted that the ISO should have bifurcated the cash to be distributed for trade month January 2001 into two periods, and that the payments received from CDWR for activity relating to the period January 17, 2001 through January 31, 2001, should have been allocated only to market activity for those fifteen days. To date, FERC has not acted on these filings. Our examination was not intended to address whether or not the Allocation Rules conform with the Compliance Filing. Accordingly, we did not assess the possible effect of this disputed matter on the cash allocations covered by the Management Assertion.

Also as described in the Management Assertion, in December 2001, the ISO filed proposed Amendment No. 41 with FERC which included a proposed change to the Tariff relating to the use of interest received on default payments. The proposed amendment sought to have any interest received on default payments to first be used to pay any unpaid market creditor balances, with any residual



amounts deposited to the ISO surplus account, which could then be distributed to market participants assessed the Grid Management Charge. The Tariff currently provides that default interest collected from debtors shall be deposited only in the ISO surplus account and not be paid to market creditors. In March 2002, FERC issued an order rejecting this proposed change without prejudice. In May 2002, FERC issued two orders that address this issue, both of which state that interest should be paid to market creditors on past due amounts. The treatment of interest as proposed by the ISO in its Amendment No. 41 filing has been used in the Allocation Rules. Our examination was not intended to address whether or not the Allocation Rules conform with the Tariff and, accordingly, we did not assess the possible effect of any FERC rulings on the cash allocations covered by this Management Assertion.

This report is intended solely for the information and use of the Board of Governors and Management of the ISO and its market participants. However, this report is a matter of public record and its distribution is not limited.

Price Waterhouse Coopers LLP

May 31, 2002

Management Assertion

May 31, 2002

To Members of the Board of Governors and Management of the
California Independent System Operator Corporation

Management's Responsibility

The management of the California Independent System Operator Corporation (ISO) is responsible for the implementation of procedures necessary to comply with, and carry out, the requirements of the ISO Federal Energy Regulatory Commission (FERC) Electric Tariff (Tariff). ISO processes relating to the allocation of market payments to its market participants are governed by its Tariff and by Management's interpretations of that Tariff, some of which have been communicated to FERC in the compliance filing in FERC Docket Nos. ER01-3013-000 and ER01-889-008 dated November 21, 2001 (Compliance Filing). The propriety of the ISO's payment allocation rules (Allocation Rules) described in Exhibit I of this Management Assertion, and the related application of such Allocation Rules to the cash receipts described herein, are the responsibility of the ISO management.

Background Description of Market Payments Subject to this Management Assertion

The California Department of Water Resources (CDWR) has participated in the ISO's markets since the inception of the ISO's operations in 1998. In January 2001, a new component of CDWR, the California Energy Resource Scheduler (CERS), began its activities as a separate Scheduling Coordinator in the ISO's markets, primarily for the purpose of facilitating the procurement of the net energy requirements for California's Investor Owned Utilities (IOUs) that were suffering from significant financial and credit constraints. Such procurement has been transacted in many different forms (direct bilateral purchases, purchases of energy and capacity through the ISO's markets, credit support for purchases made by the IOUs, etc). As a result, CERS accepted financial responsibility for certain energy and capacity transactions executed through the ISO's markets on behalf of CERS and the IOUs on or after January 17, 2001.

The final settlement and payment of related obligations for such transactions was delayed due to numerous causes. On November 7, 2001, FERC ordered the ISO to submit invoices directly to CERS and CERS to make payments on an expedited basis relating to these transactions. On November 21, 2001, the ISO filed its Compliance Filing and commenced the special invoicing process ordered by FERC. Included in the ISO's Compliance Filing was a summary of amounts invoiced to CERS. Subsequent to the Compliance Filing, the ISO adjusted the amounts invoiced to CERS. The invoice amounts, as included in the Compliance Filing and as adjusted, are summarized in Exhibit V which is included herewith as supplemental information. Exhibit IV summarizes, as supplemental information, the total obligations due to the market before, and after, these payments were distributed.

The payments received from CERS in connection with this special invoicing process covering market activity during the period January 17, 2001 through July 31, 2001, were distributed by the ISO in December 2001 through February 2002, as summarized in Exhibits II and III.

Scope of Management Assertion and Limitations

The scope of this Management Assertion is limited to the application of the Allocation Rules described in Exhibit I to the cash collected from CERS for the specified periods. The actual amounts distributed to market participants as a result of these calculations are summarized in Exhibits II and III. These allocations are dependent upon numerous factors beyond the scope of this Management Assertion including:

- The amounts of cash received from CERS;
- The net market amounts owed to the ISO's market participants, relating to ISO market transactions for the specified trade month. These amounts reflect the amounts due to the market participants from the market activity originally processed by the ISO, reduced by amounts already paid or credited;
- Default amounts relating to other settlement months for which allocation amounts (otherwise distributable) were withheld as credits to the amounts owed in the defaulting periods;
- Interest payments received from market participants and interest earned on ISO reserve and idle funds; and
- Other stipulated balances and allocation processes as described in Exhibit I.

This Management Assertion addresses the application of the Allocation Rules as set forth in Exhibit I to the balances collected from CERS and distributed as set forth in Exhibits II and III.

Subsequent Market Disputes

Beginning in February 2002, certain ISO market participants made filings with FERC, asserting that the ISO did not properly follow its Compliance Filing in distributing cash received for trade activity in January 2001. These filings asserted that the ISO should have bifurcated the cash to be distributed for trade month January 2001 into two periods, and that the payments received from CDWR for activity relating to the period January 17, 2001 through January 31, 2001 should have been allocated only to market activity for those fifteen days. To date FERC has not acted on these filings. Our Management Assertion was not intended to address whether or not the Allocation Rules set forth in Exhibit I conform with the Compliance Filing and, accordingly, we did not assess the possible effect of this disputed matter on the cash allocations covered by this Management Assertion.

Allocation of Interest

In December 2001, the ISO filed proposed Amendment No. 41 with FERC which included a proposed change to the Tariff relating to the use of interest received on default payments. The proposed amendment sought to have any interest received on default payments to first be used to pay any unpaid market creditor balances, with any residual amounts deposited to the ISO surplus account, which could then be distributed to market participants assessed the Grid Management Charge. The Tariff currently provides that default interest collected from debtors shall be deposited only in the ISO surplus account and not to be paid to market creditors. In March 2002, FERC issued an order rejecting this proposed change without prejudice. In May 2002, FERC issued two orders that address this issue, both of which state that interest should be paid to market creditors on past due amounts. The treatment of interest as proposed by the ISO in its Amendment No. 41 filing has been used in the Allocation Rules. We did

not assess the possible effect of this issue on the cash allocations covered by this Management Assertion.

Summary Assertion

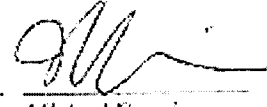
The cash distribution calculations presented at Exhibits II and III comprising total distributions of \$943,226,853, have been performed in compliance with the Allocation Rules described in Exhibit I in all material respects.



Terry Winter
President and
Chief Executive Officer



William J. Regan, Jr.
Chief Financial Officer



Michael Epstein
Controller

California Independent System Operator Corporation
Specific Scope of Management Assertion
and Allocation Rules

Exhibit I

A. Background and Scope of Management Assertion

Market Payments

The California Independent System Operator Corporation (ISO) performs numerous functions relating to the operation of the high voltage transmission system covering most of California and the related management of markets for ancillary services, imbalance energy and congestion management. An integral aspect of its management of these California markets is the settlement and billing function it performs as set forth in the ISO Federal Energy Regulatory Commission (FERC) Electric Tariff (Tariff).

The ISO's markets are designed to settle on an hourly, daily and monthly basis, such that the ISO's role is essentially that of a pass-through agent for the market. While some differences between the total market amounts "due to the ISO" and "due from the ISO" occur for each settlement period, these market imbalance amounts have been historically immaterial to the overall amounts cleared each month by the ISO, except for interest which is billed to debtors when defaults are present. Accordingly, the ISO is designed to pay, in full, all amounts due its market participants unless the ISO experiences payment defaults on amounts due from the market. From the ISO's inception in April 1998 through October 2000, the ISO paid in full all monthly market obligations, generally on the same day cash was collected from the market.

Payment Defaults

Since the trade month of November 2000 (which was scheduled to settle in January 2001), payment defaults in the ISO's markets have caused the ISO to pay the market less than the full amount due Scheduling Coordinators (SCs) in the monthly cash clearing process. In accordance with the FERC order of November 7, 2001 (the Order), the ISO undertook a special cash resettlement process for the trade months January 2001 through July 2001 to distribute cash proceeds received from the California Energy Resource Scheduler (CERS), a division of the California Department of Water Resources (CDWR). CERS was deemed by FERC to have functioned as the credit worthy SC (as defined in the ISO Tariff) for transactions entered into on behalf of Pacific Gas and Electric (PG&E) and Southern California Edison (SCE), effective with the legislation granting CERS the power to buy the energy on January 17, 2001.

The Tariff includes provisions that set forth guidance for the normal monthly settlement and cash clearing processes which include provisions dealing with defaults. Due to the complexities involved with settling defaults for numerous consecutive months involving numerous defaulting SCs, the ISO, in interpreting its Tariff, developed internal guidelines that contain more specific allocation rules than provided for in the Tariff. In addition, the ISO identified certain specific allocation rules it planned to utilize to comply with the Order, many of which are addressed in its compliance filing with the FERC in Docket Nos. ER01-3013-00 and ER01-889-008 dated November 21, 2001 (the Compliance Filing). These guidelines form the basis for the cash allocation rules described herein (the Allocation Rules).

CERS Invoicing Process

In November 2001, FERC ordered the ISO to submit invoices directly to CERS and CERS to make payments on an expedited basis relating to these transactions. Later in November 2001, the ISO filed its Compliance Filing and commenced the special invoicing process called for by FERC. Included in the ISO's Compliance Filing was a summary of amounts invoiced to CERS which generally reflected all amounts outstanding from PG&E and SCE, the two California investor owned utilities (IOUs), on

California Independent System Operator Corporation
Specific Scope of Management Assertion
and Allocation Rules

Exhibit I

behalf of which CERS had participated in the ISO's markets. The amounts included in the Compliance Filing reflect reductions for remaining obligations owed to CERS for the same periods. Subsequent to the Compliance Filing, the ISO adjusted the net amounts invoiced to CERS, primarily as a result of revisions to interest charges included therein. Exhibit V summarizes these amounts.

The amounts invoiced to CERS did not include reductions for the Transmission Owner (TO) activities of the IOUs covered by CERS. The ISO places into escrow the amounts received from CERS for these TO activity balances until their ultimate disposition can be determined. As such these amounts are excluded from distributions to the market and are included in the column labeled "Payments to Escrow" in Exhibit II.

In the normal monthly settlement and cash clearing processes for trade months June and July 2001, there were net amounts due to the IOUs. Since the IOUs had defaulted on amounts due the ISO in another trade month, the amounts were not paid to the IOUs, but were instead carried back to that defaulting month for distribution to the market. The CERS invoicing process described herein did not give effect to these interperiod allocations. As a result, and as described in Allocation Rule B. 4. below, certain amounts were reallocated between months in this Special Cash Allocation Process. These reallocations are identified in Exhibit III, as "Allocations (to) from Other Months" and had no effect on the total amount distributed.

Scope of Management Assertion

The ISO's cash distribution transactions that result from collections of billings in accordance with the Order are the subject of this Management Assertion. However, the amounts billed to, and collected from, CERS in connection with the Order are not covered by this Management Assertion. This cash allocation process, which was performed in December 2001 through February 2002, and relates to trade months January 2001 through July 2001, is referred to herein as the Special Cash Allocation Process. Exhibit II summarizes the cash distributions made in accordance with this Special Cash Allocation Process. These amounts were allocated in accordance with the Allocation Rules described in Notes B through E below.

Concurrent with the Special Cash Allocation Process, the ISO also processed cash settlements for September and October 2001 in accordance with its normal cash settlement schedule. While such cash settlements are not within the scope of this Management Assertion, the process resulted in some changes to certain SC default amounts which affect market offsets that were considered in the Special Cash Allocation Process.

Reliability Must Run (RMR) invoices and payments are not affected by market or Grid Management Charge (GMC) defaults. The RMR invoicing process involves amounts due from TOs to the RMR Owners as set forth in monthly invoices processed through the ISO's systems. However, such amounts are invoiced independent of the ISO's market and GMC billing processes, and accordingly, market and/or GMC defaults do not impact RMR related payments.

California Independent System Operator Corporation
Specific Scope of Management Assertion
and Allocation Rules

Exhibit I

B. General Allocation Rules

1. Proportionate allocation of defaults – Individual SC debits and credits are netted for each SC within the specific billing month. The total amount of market defaults is then allocated to the SCs with net amounts due them (Creditor SCs) on a proportionate basis such that each Creditor SC receives the same percentage of their total net amount receivable for the month.
2. Each month is treated as a discrete period – Market defaults are allocated to the Creditor SCs that have amounts due them for the trade month being settled, except for Creditor SCs in the current month that have defaulted on obligations relating to other periods. Specifically, the Creditor SC is not paid to the extent of any outstanding default obligations from other months. In such circumstances, amounts due to the Creditor SC are reallocated in the current month proportionately to remaining Debtor SCs (those SCs that are due amounts from the ISO) amounts still owed for that period with any surplus being included in the Market Reserve account. The effects of this Allocation Rule are set forth in the column labeled “Application of Payables Against Receivables” in Exhibit IV.
3. Billing Order – This Special Cash Allocation Process commenced with settlement of the trade month of February 2001, continued through July 2001, and finished with January 2001. This order of processing was stipulated in the Compliance Filing and affected the timing of cash receipts and payments and the application of amounts to and from the Market Reserve account (see Transfers (to)/from Market Reserve column in Exhibit III).
4. Allocations to/from Other Months - In the normal monthly settlement and cash clearing processes for trade months June and July 2001, there were net amounts due to the IOUs. Since the IOUs had previously defaulted on amounts due the ISO, these amounts were not paid to the IOUs, but were carried back to February 2001 for distribution to the market. This treatment was not reflected in the net invoices submitted to CERS (the February invoice did not reflect these reductions in IOU obligations and the June and July invoices did not remove the amounts due to the IOUs).

In this Special Cash Allocation Process, the ISO reallocated these amounts (totaling \$9,035,556) to the trade months June and July 2001 to reflect cash distributions that would have occurred if the invoices to CERS had reflected these offsets in the proper months. As set forth in Exhibit III, such allocations affect the cash allocations in those months but do not change the total amount collected or distributed in this Special Cash Distribution Process.

5. SCs operating through multiple business associate IDs – Unless financial security arrangements are made at the business associate level, all business associates of an SC are combined to apply these cash Allocation Rules.
6. Substitution of Payee – In the normal monthly settlement and cash clearing processes for certain trade months in 2001, one SC was short-paid due to an affiliated SC defaulting on its market payment. Payments resulting from this Special Cash Allocation Process due to that defaulting SC were paid instead to the SC that was short-paid in the previous trade month. In this Special Cash Allocation Process, such substitutions related to one group (including one defaulting SC and one affiliate to that defaulting SC) of affiliated entities comprising distributions of \$722,209.

California Independent System Operator Corporation
Specific Scope of Management Assertion
and Allocation Rules

Exhibit I

7. Excess Funds from a Trade Month – Any surplus of funds, after fully retiring all unpaid market obligations for a trade month, from a CERS payment for that month, are held in the Market Reserve account starting with February 2001 and progressing sequentially through July 2001; and then applied to January 2001. Funds in the Market Reserve account are used to supplement market receipts available for distribution in periods when such receipts are not sufficient to pay all market obligations in full. This application of the Market Reserve account is consistent with the billing sequence described above and incorporated in the Compliance Filing.

The Transfers (to)/from Market Reserve amounts presented at Exhibit III reflects activity in this reserve account by trade month. In some instances, more than one invoice was rendered for a trade month (usually due to interest billings); however, all payments received from CERS were distributed based on market obligations relating to the trade month billed.

C. Allocation of Amounts to Escrow Accounts

Distributions into escrow accounts are included in the column “Payments to Escrow” in Exhibit II and are not available for distribution to the markets.

1. TO billings – As described in Note A, the amounts collected from CERS that are attributable to the TO activities of two California IOUs are deposited into separate escrow accounts pending an interpretation of the Order.
2. Pending Market Issue – The ISO places into escrow amounts otherwise allocated to one market participant because of pending issues relating to GMC. All amounts due to this market participant in connection with this Special Cash Allocation Process, comprising \$924,323, are currently in this escrow account.

D. Allocation of Amounts to the ISO

Included in payments to market participants are amounts due the ISO for generator fines and pass-through fees. Distributions due the ISO are included in the column “Payments to ISO and ISO Trust Accounts” in Exhibit II. These allocations to the ISO are made proportionate with other distributions for market activity in accordance with these Allocation Rules. This differs from the treatment of GMC revenues for which the ISO has a first priority on receipts. Since all GMC revenues relating to the period covered by this Special Cash Allocation Process had already been received, there were no GMC allocations in this process. Payments to the ISO consist of:

1. Generator fines – Generator fines were assessed to SCs under specific circumstances set forth in Tariff Amendment No. 33. Such charges relate to trade months January 2001 through April 2001 when emergency conditions (a required condition for such fines) occurred.

California Independent System Operator Corporation
Specific Scope of Management Assertion
and Allocation Rules

Exhibit I

2. Special Purpose Program Fees – Special Purpose Program Fees are amounts collected by the ISO from SCs relating to charge-types associated with summer reliability, startup costs and emission costs that do not settle out on a monthly basis, like most other ISO charge-types. The ISO began collecting such pass-through fees in April 2001.

E. Interest and Other Matters Affecting Allocations

1. Interest on Market Reserve Funds – Interest collected from the ISO's investment of available Market Reserve is treated as any other cash collection for the trade month being cleared when the interest is transferred from the account. The ISO made such transfers on a periodic basis (but not relating to each monthly clearing process) during the Special Cash Allocation Process. As set forth in Exhibit III, total interest allocated in this manner was \$419,800.
2. Interest collected in connection with CERS Billings – Interest collected in connection with CERS billings is treated as any other cash collection for the trade month being cleared. To the extent that such receipts contribute to any surplus for the trade month being cleared, such surplus is treated in the same manner as any other market surplus as described in Note B above.
3. January Distribution – Distribution of proceeds collected from CERS for trade month January 2001 are made in the same manner as distributions for all other months in this process. The ISO does not separate the month into pre and post January 17, 2001, amounts. As described in the Management Assertion, this treatment has been questioned by certain market participants.

California Independent System Operator Corporation
Distribution Summary

Exhibit II

	Payments to Market	Payments to ISO and ISO Trusts	Payments to Escrow	Total Payments
February 2001	\$ (325,073,035)	\$ (35,752,480)	\$ (18,343,213)	\$ (379,168,728)
March 2001	(148,599,802)	(3,135,875)	(4,418,480)	(156,154,157)
April 2001	(43,137,683)	(1,255,488)	(6,183,310)	(50,576,481)
May 2001	(38,133,896)	(3,420,412)	(4,021,283)	(45,575,591)
June 2001	(116,565,889)	(2,803,645)	(972,188)	(120,341,722)
July 2001	(27,613,980)	(3,251,672)	(2,289,163)	(33,154,815)
January 2001	(123,876,229)	(12,387,155)	(21,991,975)	(158,255,359)
	<u>\$ (823,000,514)</u>	<u>\$ (62,006,727)</u>	<u>\$ (58,219,612)</u>	<u>\$ (943,226,853)</u>

California Independent System Operator Corporation
Reconciliation of CERS Payment to ISO Distributions

Exhibit III

	CERS Payment	Allocations (to) from Other Months	Interest on Reserve Funds	Transfers (to) from Market Reserve	Total Amount Available	Total Payments
February 2001	\$ 422,523,640	\$ (9,035,556)	\$ -	\$ (34,319,356)	\$ 379,168,728	\$ (379,168,728)
March 2001	139,723,208	-	254,261	16,176,689	156,154,158	(156,154,158)
April 2001	39,811,558	-	-	10,764,923	50,576,481	(50,576,481)
May 2001	19,743,925	-	67,952	25,763,715	45,575,592	(45,575,592)
June 2001	137,222,021	2,860,146	-	(19,740,445)	120,341,722	(120,341,722)
July 2001	25,572,014	6,175,410	52,915	1,354,474	33,154,813	(33,154,813)
January 2001	158,210,687	-	44,672	-	158,255,359	(158,255,359)
	<u>\$ 942,807,053</u>	<u>\$ -</u>	<u>\$ 419,800</u>	<u>\$ -</u>	<u>\$ 943,226,853</u>	<u>\$ (943,226,853)</u>

California Independent System Operator Corporation
Supplemental Information – Summary of Market Obligations

Exhibit IV

	Due Market Before Payment	Application of Payables Against Receivables	Total Payments	Due Market After Payment	Percent of Market Satisfied
February 2001	\$ 396,959,849	\$ (17,791,121)	\$ (379,168,728)	\$ -	100%
March 2001	176,558,473	(20,404,316)	(156,154,157)	-	100%
April 2001	56,050,933	(5,474,452)	(50,576,481)	-	100%
May 2001	59,821,173	(14,245,582)	(45,575,591)	-	100%
June 2001	138,290,704	(17,948,982)	(120,341,722)	-	100%
July 2001	49,961,550	(3,336,618)	(33,154,815)	13,470,117	73%
January 2001	620,130,028	(1,942,061)	(158,255,359)	459,932,608	26%
	<u>\$ 1,497,772,710</u>	<u>\$ (81,143,132)</u>	<u>\$ (943,226,853)</u>	<u>\$ 473,402,725</u>	

California Independent System Operator Corporation
Supplemental Information – Summary of CERS Invoices

Exhibit V

	Net Invoice Amount Per FERC Filing	Adjustments	Final Invoice Amount
February 2001	\$ 404,832,894	\$ 17,690,746	\$ 422,523,640
March 2001	137,804,456	1,918,752	139,723,208
April 2001	45,587,782	(5,776,224)	39,811,558
May 2001	32,915,077	(13,171,152)	19,743,925
June 2001	149,581,578	(12,359,557)	137,222,021
July 2001	39,648,685	(14,076,671)	25,572,014
January 2001	145,581,326	12,629,361	158,210,687
	<u>\$ 955,951,798</u>	<u>\$ (13,144,745)</u>	<u>\$ 942,807,053</u>