

Exhibit No. ISO-9



California Independent
System Operator

Access Charge Proposal

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Big Picture

- One transmission rate for California
 - consistent with FERC's RTO vision
 - proper transmission pricing signals
- One rule for California
 - one highway for better interstate commerce
 - decrease phantom congestion
 - increase efficiency of the ISO Grid
- Reliability benefits

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Access Charge Design

- **Ultimately:**
 - ISO Grid-wide High Voltage (200 kV and above)¹
 - Utility-specific Low Voltage (below 200 kV)
 - Uniform treatment of PTOs at end of transition
 - All transmission turned over to ISO Operational Control and comply with ISO Tariff/Protocols/Agreements
- **First Step:**
 - Triggered when TCA is executed
 - TAC Area High Voltage (200 kV and above)
 - Utility-specific Low Voltage (below 200 kV)
 - 10-year transition for High Voltage, 10% per year
 - Capital additions and new High Voltage systems included in ISO Grid-wide component .

1) High Voltage transmission is 200 kV and above, and supporting facilities, Low Voltage is below 200 kV.



New Participating TO

- Execute the Transmission Control Agreement to trigger “joining” ISO
 - *FTRs determined at time of execution*
- All transmission assets turned over to ISO Operational Control
- Comply with all ISO Tariff/Protocols and applicable Agreements
- Pays Access Charge and GMC on gross Load
- Scheduling Coordinator function performed by New Participating TO or its designee

Mitigation Proposal

- Maximum impact to Original PTOs during 10 year transition: \$32/32/8 Million annually
- Gross Loads and exports pay for Access Charge, except specific Generating Units with CPUC §218; PURPA §201; existed as of 3/31/98; and an Existing Contract is in effect
- No cost increase due to High Voltage Access Charge or GMC to New Participating TO
- New Participating TO benefits used to reduce High Voltage Transmission Revenue Requirement

1) This amount increased averaged over all Load is approximately 0.4 mill. This does not address any questions associated with retail cost allocation and rate design.

Hold Harmless

- No rate increases for New PTOs
 - GMC and Access Charge paid on gross Load and exports
 - GMC cost that would not have been incurred in excess of Access Charge benefits is mitigated
 - Any remaining Access Charge burden is mitigated
- Limited burden on Existing PTOs during transition period
 - PG&E and Edison - \$32 Million/year
 - SDG&E - \$8 Million/year

Application of Net Benefits

- Benefits used to reduce New PTO's Transmission Revenue Requirement through prepayment of transmission assets. Net of:
 - GMC cost increases
 - Access Charge increases
 - FTR Auction revenues
 - Usage Charge revenues
 - Usage Charges



Direct Benefits

- Increased transmission capacity
- Payment of Transmission Revenue Requirement
- Increased participation in ISO, decreased GMC to Original PTOs
- Reduction of “2-pipe” model



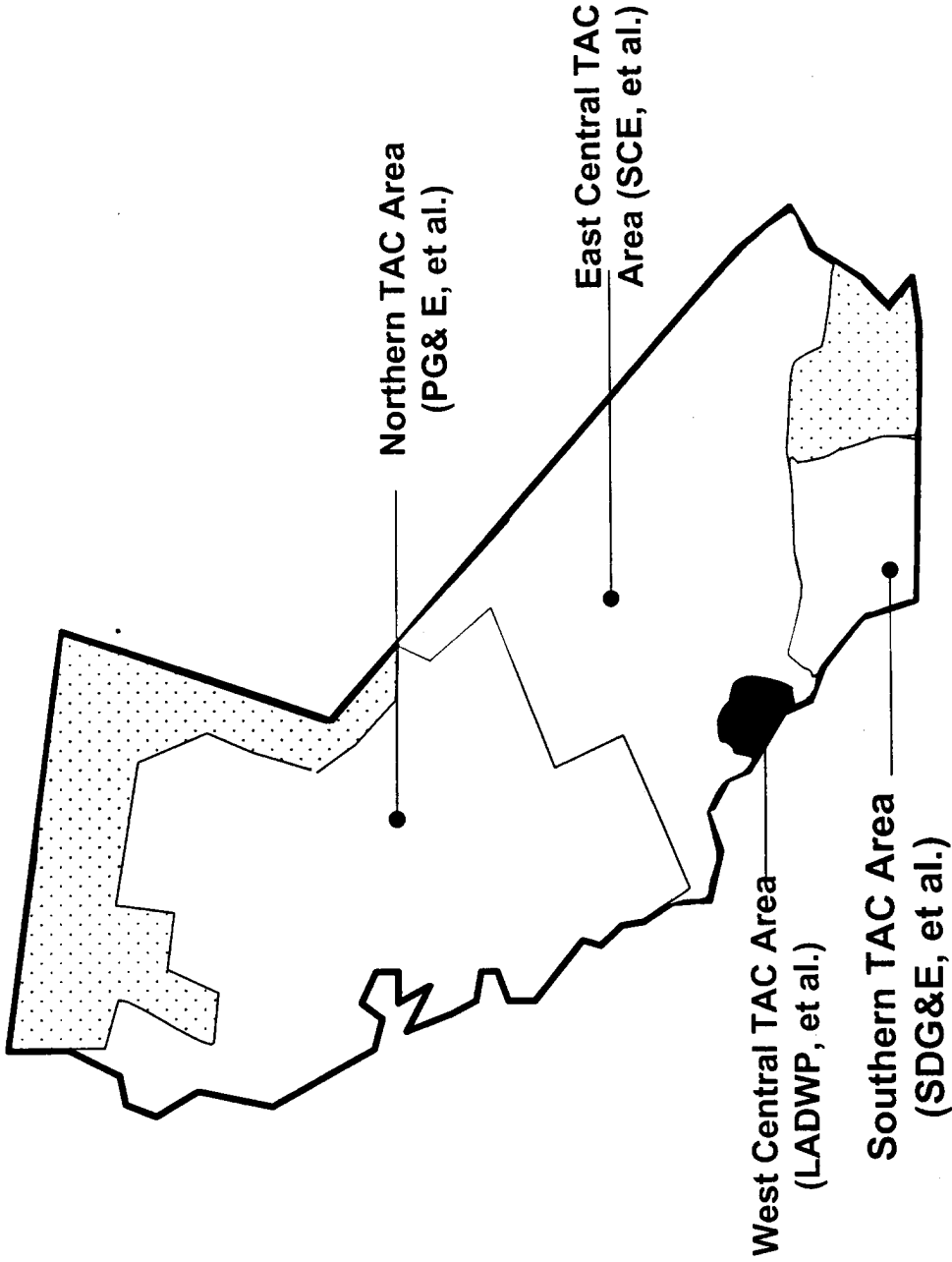
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Indirect Benefits

- **Ancillary Services**
 - single largest contingent
 - increases sales
 - decreased PX price
- **Decreased Inter-Zonal Congestion**
 - COI, Palo Verde, Eldorado and NOB
 - PX DA Zonal constrained versus unconstrained price times the constrained load

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IOU End User - The Unbundled Retail Bill

Typical Monthly Bill for Residential End-User assuming 600kWh usage.

				% of Total
1.	PX Energy	2.4 cents/kWh	\$ 14.40	18.9%
2.	PX Related Ancillary Services	0.77 cents/kWh	\$ 4.62	6.1%
3.	PX Related GMC	0.0778 cents/kWh	\$ 0.47	0.6%
4.	Transmission	0.40 cents/kWh	\$ 2.40	3.1%
5.	Distribution	3.6 cents/kWh	\$ 21.60	28.3%
6.	Public Purpose	0.40 cents/kWh	\$ 2.40	3.1%
7.	PUCRF	0.01 cents/kWh	\$ 0.06	0.1%
8.	Nuclear Decommissioning	0.05 cents/kWh	\$ 0.30	0.4%
9.	Bond Payment (TTA)	1.61 cents/kWh	\$ 9.66	12.7%
10.	CTC	3.4 cents/kWh	\$ 20.40	26.7%
			TOTAL \$ 76.31	100.0%
			Legislative 10% Reduction \$ 7.63	
			TOTAL \$ 68.68	

Access Charge Impact to Retail Bill

Typical Monthly Bill for Residential End-User assuming 600kWh usage.

1.	PX Energy	2.4 cents/kWh	\$	14.40	18.8%
2.	PX Related Ancillary Services	0.77 cents/kWh	\$	4.62	6.0%
3.	PX Related GMC	0.0778 cents/kWh	\$	0.47	0.6%
4.	Transmission	0.44 cents/kWh	\$	2.64	3.4%
5.	Distribution	3.6 cents/kWh	\$	21.60	28.2%
6.	Public Purpose	0.40 cents/kWh	\$	2.40	3.1%
7.	PUCRF	0.01 cents/kWh	\$	0.06	0.1%
8.	Nuclear Decommissioning	0.05 cents/kWh	\$	0.30	0.4%
9.	Bond Payment (TTA)	1.61 cents/kWh	\$	9.66	12.6%
10.	CTC	3.4 cents/kWh	\$	20.40	26.6%
	TOTAL		\$	76.55	100.0%
	Legislative 10% Reduction		\$	7.66	
	TOTAL		\$	68.90	

Transmission Increase is \$0.24

Existing Contracts

- **Participating TOs required to convert Existing Contracts when they join**
- **Transmission entitlement under ISO Operational Control**
- **Comply with ISO's scheduling, congestion management, curtailment and other ISO Protocols**



Metered Subsystem

- For vertically integrated New PTOs
- May control owned generation through System Unit
- Schedule gross Generation, imports, exports and gross Load through the ISO's scheduling systems
- Metered at interface and Generators
- Participate in restructured markets
- MSS pay for own
 - Intra-zonal congestion internal to MSS
 - RMR generation benefiting MSS
 - Transmission line outages
 - Voltage support

Wheeling Access Charge

- Charge assessed to SCs exiting the ISO Controlled Grid
- Wheeling Access Charge calculated based on TAC Areas and ISO Grid-wide rates
- If exit point is below 200 kV, Low Voltage Access Charges are incurred
- Wheeling revenue allocated based on
 - All PTOs in same TAC Area ratio of PTO TRR (regional and local) to sum of all PTO's TRR
 - All PTOs not in the same TAC Area weighted first on capacity at the Scheduling Point then ratio of PTO TRR (regional and local) to sum of all PTO's TRR
- Once fully transitioned, High Voltage Wheeling Access Charge based on ISO Grid-wide rate

Billing and Settlement

- Access Charge billed on \$/MWh to SCs, UDCs or MSSs¹
- Access Charge billed based on gross Load with Existing Contract exception for qualifying facilities.
- GMC billed based on gross to Participating TOs

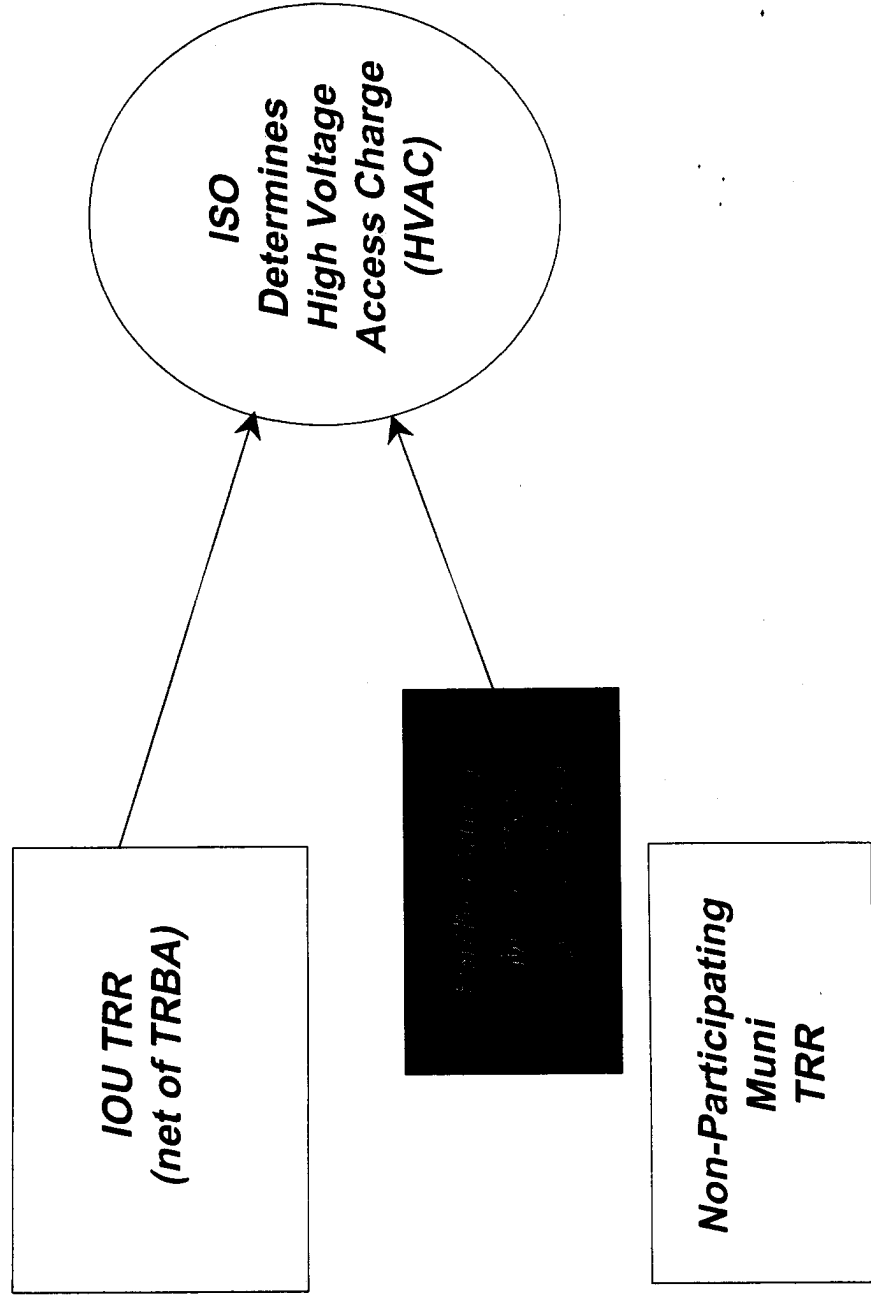
1) This billing structure does not preclude SCs, UDCs, or MSSs from having a difference retail rate structure



Revenue Review

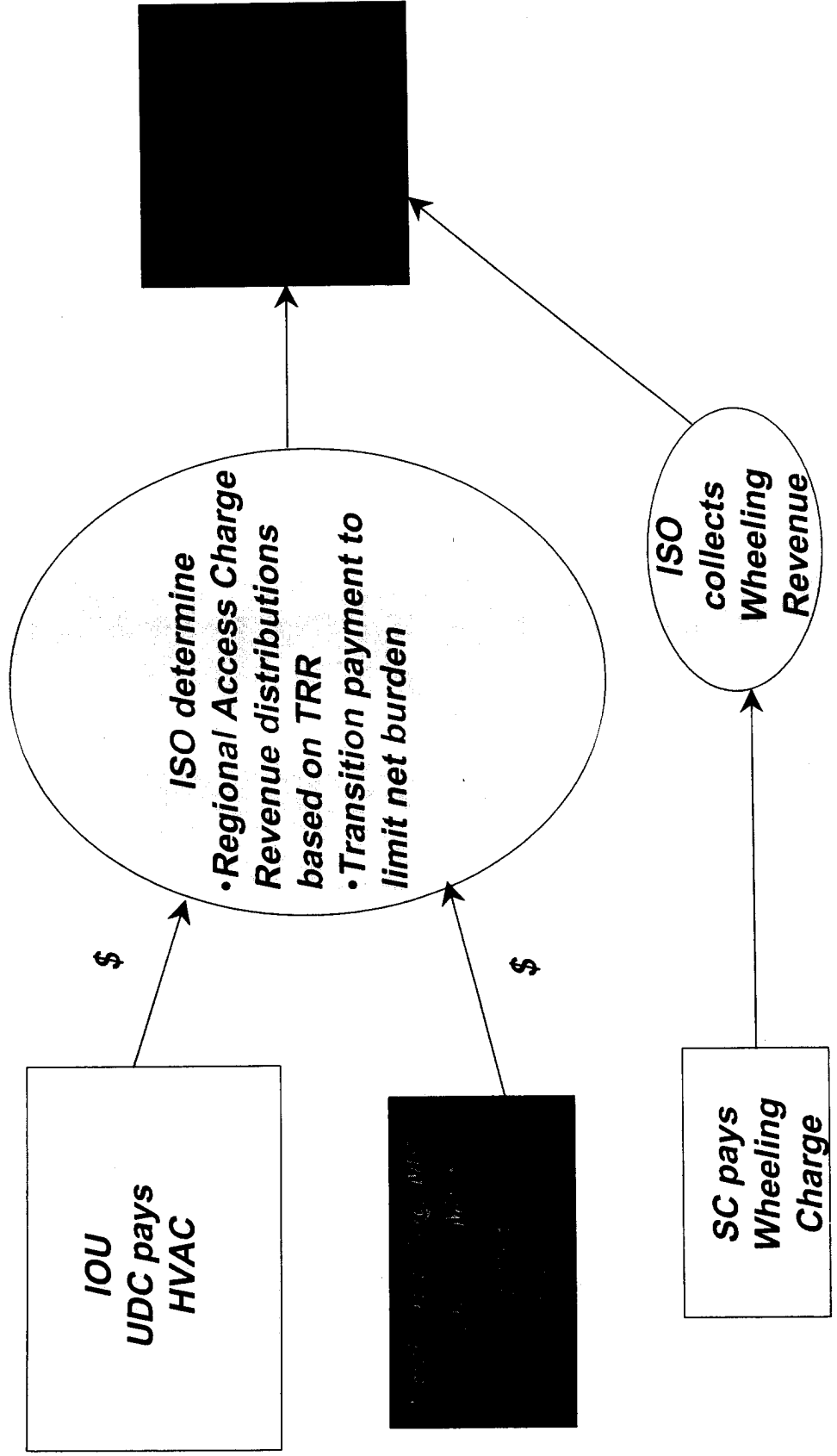
- Jurisdictional PTOs file rates at FERC for acceptance and/or approval
- Non-jurisdictional PTOs TRR review done by independent Revenue Review Panel
 - ISO Board will approve procedures
 - All parties can participate
 - Decision of Panel can not be appealed

Proposed Transaction Flow



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Proposed Transaction Flow





Remaining Issues

- Once Access Charge is filed
 - New PTOs need to determine economic impact and incentives for joining the ISO
 - New PTOs must determine the impact to their tax-exempt financed projects
- Decide to join and execute the Transmission Control Agreement and other pro forma Agreements