

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System Operator Corporation	)	Docket No.	ER03-746-000
)		
)		
)		
San Diego Gas & Electric Company, Complainant,)		
)		
)		
v.	)	Docket Nos.	EL00-95-081
	)		EL00-95-074
Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange, Respondents.	)		EL00-95-086
)		
)		
Investigation of Practices of the California Independent System Operator and the California Power Exchange	)	Docket Nos.	EL00-98-069
	)		EL00-98-062
	)		EL00-98-073

(not consolidated)

**FORTY-THIRD STATUS REPORT OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION ON
SETTLEMENT RE-RUN ACTIVITY**

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The California Independent System Operator Corporation (“ISO”) hereby provides its forty-third status report pursuant to the Order Granting Clarification and Granting and Denying Rehearing of the Federal Energy Regulatory Commission (“Commission” or “FERC”), issued on February 3, 2004, in the above-captioned dockets (“February 3 Order”).

The ISO has revised every section of this status report. Three sections, however, were revised only slightly and do not contain new information: Sections II(B) (Fuel Cost Allowance Data), II(C) (Emissions Offsets) and II(D) (Cost-Based Recovery Filings).

Any comments on this report that are received by May 22 will be considered for incorporation in the CAISO’s next status report, which the CAISO will file on or before June 10.

No parties submitted comments on the CAISO’s Forty-Second Status Report.

I. BACKGROUND ABOUT THESE STATUS REPORTS¹

In the February 3 Order,² the Commission directed the ISO³ “to submit to the Commission on a monthly basis, beginning on February 10, 2004, a report detailing the status of the preparatory adjustment re-runs and the dates that it expects to complete both the preparatory re-runs and the settlements and billing process for calculating refunds.” February 3 Order at P 21. The first such status report was filed with the Commission on February 9, 2004. While the preparatory and FERC refund re-runs are now complete, the ISO will continue to provide status reports throughout this process because the ISO believes that these reports have been a valuable tool for communicating with the Commission and Market Participants, in addition to meeting the Commission-mandated reporting requirement. This filing is the forty-third such report.

II. CURRENT STATUS OF RE-RUN ACTIVITY

The ISO finished publishing settlement statements reflecting the refund rerun and adjustments thereto in February of 2007, and recently completed the

¹ In its October 16, 2003 Order on Rehearing, 105 FERC ¶ 61,066 (2003), the Commission ordered the ISO to file within five months of the date of the order the results of the preparatory re-runs along with the appropriate explanations. The ISO considers that this directive has been overtaken by FERC’s later recognition in the Amendment No. 51 proceeding that the ISO could not possibly comply with the deadline in the October 16 Rehearing order, as well as the deadlines in the previous Amendment 51 orders. The ISO is endeavoring to comply, however, with FERC’s directive that the ISO work as fast as practicable, keep the parties well informed, and file monthly status reports. For this reason, in addition to the Amendment No. 51 docket, the ISO is also filing this report in the dockets associated with the California refund proceeding.

² 106 FERC 61,099 (2004). The context of the February 3 Order is set forth in prior versions of the ISO’s status report.

³ Capitalized terms not otherwise defined herein shall have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

financial adjustment phase. This most recent phase required the ISO to make adjustments to its refund rerun settlement data to account for fuel cost allowance offsets, emissions offsets, cost-based recovery offsets, and interest on amounts unpaid and refunds.

Attachment A to this status report contains a list of the major ISO refund calculation distributions and the associated review and comment periods provided to parties by the ISO to date. In some cases, the ISO did not provide any specific closing date for comments, but rather, continued to solicit and consider comments and make appropriate corrections until the data were utilized to make further calculations.

A. OPEN ISSUES RELATING TO THE PREPARATORY RERUN AND REFUND RERUN

As noted in the Commission’s October 19 Order on Remand, 121 FERC ¶ 61,067 (2007) (“October 19 Order”), certain ISO ADRs need to be resolved before a distribution can be made in this proceeding. The one that remains unresolved was brought by the Southern Cities, and is pending rehearing. However, the ISO does not plan to await a Commission ruling on rehearing requests before preparing and filing the updated preparatory rerun compliance filing discussed in Section III.D below. For purposes of preparing that filing, the ISO will proceed on the basis of the most recent Commission order on this matter.

10/5/00 Pacific Gas & Electric
Company Matter

This matter has been resolved in principle. It will affect the prep rerun data before the refund period, with the precise effect to be determined. It will not affect the refund period data or calculations.

10/30/00 Southern Cities Matter FERC Docket No. EL03-54. On March 29, 2007, the Commission vacated an earlier order and reinstated the award of the arbitrator, which is reflected in ISO settlements. See 118 FERC ¶ 61,255. But the March 29 order is pending rehearing. Were the Commission to grant rehearing, additional adjustments would have to be made to ISO Settlements.

6/10/04 Pacific Gas & Electric Company Matter On May 15, 2008, the Commission ruled on the petition for review in FERC Docket No. EL06-10. The ISO invoiced the award on October 2, 2008, except for amounts due in May and June 2001. These modest remaining amounts will affect the refund period data during May and June 2001.

More information about these matters is available on the FERC website and at <http://www.caiso.com/clientserv/adr/index.html>.

In addition, there are several open issues regarding the ISO's calculations to date in this proceeding, as well as future adjustments ordered by the Commission. These open issues are listed in Section III.C below. The ISO plans to await a Commission ruling on these issues before proceeding to the next phase of refund calculations.

B. FUEL COST ALLOWANCE OFFSETS - COMPLETE

The ISO completed the offsets for fuel cost in August of 2007. As explained in greater detail in previous status reports, the ISO pursued a two-track approach with respect to calculating fuel cost allowances. First, the ISO calculated, for each entity that participated in the ISO's markets during the Refund Period (*i.e.*, October 2, 2000 through June 20, 2001), the percentage of

the total fuel cost claim amounts to be allocated to these entities for each hour, consistent with the methodology approved by the Commission for doing so. Second, the ISO used these validated numbers to calculate the final allocation percentages, as well as the final allocation of actual dollar amounts.

On December 22, 2005, the ISO distributed the first set of fuel cost allocation percentages to parties, and received comments from several parties. The ISO made several revisions to this data set and distributed the revised allocation percentages for another round of review on June 1, 2006. Since then, the ISO made various further modifications to the fuel cost percentages, most recently to adjust its calculations in order to allocate an additional \$7 million from the fuel cost claim of Los Angeles Department of Water and Power in the ISO markets. This modification was described in detail in the ISO's 38th status report. The ISO circulated the most recent fuel cost data on July 16, and accepted comments on this data through August 8. Finally, in an effort to finalize the fuel cost allowance allocation calculations, the ISO made two additional adjustments, which it described in the Thirty-Seventh (7/11/2007) and Thirty-Eighth (9/6/2007) status reports. With these adjustments, the ISO finalized its fuel cost allocation calculations, and provided the data to the PX in order that the PX could complete its own fuel cost calculations. The ISO also used the final fuel cost calculations as an input in the cost-offset calculations.

C. EMISSIONS OFFSETS - COMPLETE

The ISO's work on the emissions offset was completed and uploaded in September of 2006. By way of background, in the Findings of Fact in the Refund

proceeding⁴ and again in the Commission's Order of March 26, 2003,⁵ the Commission found that 3 entities, Duke, Dynegy, and Williams, had supported their requested emissions allowance. Three other entities – Reliant, the City of Pasadena, and the Los Angeles Department of Water and Power (“LADWP”) – were ordered to reallocate and recalculate their emissions allowances.⁶ Also, in the Commission's October 16, 2003 order, the Commission clarified that emissions offsets would be recoverable only for mitigated intervals.

On September 20, 2005, the Commission issued an order accepting the recalculated emissions claims of Pasadena and LADWP.⁷ The Commission also acknowledged receipt of Reliant's informational filing detailing a pro rata allocation of its emissions costs offset among mitigated and non-mitigated intervals. *Id.* at P 40.

In earlier status reports, the ISO noted that it had received revised emissions claims for all outstanding entities. The ISO has incorporated these data into the financial adjustment phase.

On April 25, 2006, the ISO distributed data reflecting the allocation percentages for emissions for each party during the refund proceeding. On September 21, 2006, the ISO circulated the final approved emissions claim amounts that it will use in its calculations, as well as an explanation of the methodology for determining the resulting refund offsets. As explained in the

⁴ Certification of Proposed Findings on California Refund Liability, Issued December 12, 2002, PP 729-760.

⁵ 102 FERC ¶ 61,317 (2003) item BB.

⁶ With respect to Reliant, the Commission, in its March 26 Order, accepted the Presiding Judge's finding that although Reliant would be required to recalculate its emissions on a pro-rata basis, Reliant would be permitted to use the California Generators' existing pro rata allocation exhibit, and would not be required to re-file that information.

⁷ 112 FERC ¶ 61,323 (2005).

market notice accompanying that distribution, the ISO used these claim amounts, along with the percentages distributed on April 25, 2006, to determine the final refund offsets associated with approved emissions claims.

D. COST-BASED RECOVERY FILINGS – COMPLETE

The ISO completed work on cost-recovery offsets in January of 2008. The background on cost-recovery offsets is as follows: the Commission issued an order approving an allocation methodology for cost filings on May 12, 2006. Therein, the Commission concluded that offsets from cost filings should be allocated to purchasers based on their net refunds. In its June 2006 status report, the ISO explained the methodology that it intends to adopt in order to implement the Commission's methodology. However, after considering questions posed by several parties, the ISO recognized that certain portions of its methodology discussion in the Twenty-Ninth (6/14/2006) status report should be clarified. Therefore, the ISO made several modifications to its methodology, which it set forth in its Thirtieth (7/10/2006) status report in these dockets (pages 10-12). In its February 2007 status report, the ISO included a list of the claims that it intends to process.

In previous status reports, the ISO also noted that there is an important issue about how to account for refunds in both the ISO and PX markets when allocating the cost-based filing offsets. The ISO had discussions concerning this issue with several parties, and based on these conversations, the ISO and PX agreed to a methodology for accounting for net refunds in both the ISO and PX markets, which the ISO set forth in its Thirty-Third (3/16/2007) status report. A

full explanation of the methodology is included on the CDs that were circulated to parties on April 10, 2007.

The ISO issued updated cost filing allocation data on May 22, 2007. The primary adjustment in this distribution was to properly net the PX position to zero between the ISO and PX markets so that PX participants receiving refunds would be allocated the entire PX portion of the offset.

In its last several status reports, the ISO noted that it would need to update its cost filing allocation calculations in order to account for modifications that it had made to its fuel cost allocation data, as well as changes in the PX's fuel cost allowance allocations resulting from these modifications. The ISO received the necessary data from the PX on November 12, 2007 and made the updated cost-filing allocation calculations available to parties on December 4, 2007. Based on comments from PG&E, the ISO updated these calculations a final time to correct a minor error. Because of the minor nature of this correction, both in scope and financial impact (\$7,003), the ISO did not re-circulate the cost filing allocation data based on this correction. With this minor change, the cost filing allocation process was completed.

E. INTEREST CALCULATIONS – COMPLETE FOR NOW

To date, the ISO has distributed to parties data concerning four of the five calculations relating to interest. It has 1) backed out interest previously charged for transactions in its markets that occurred during the Refund Period, 2) calculated interest at the FERC rate on unpaid invoices, 3) calculated interest at the FERC rate on preparatory rerun transactions, and 4) calculated interest at the

FERC rate on refunds. The history relating to the first three of these calculations has been discussed in detail in the ISO's previous status reports.

On June 12, 2008, the ISO released updated data regarding interest on unpaid invoices and refunds to reflect corrections based on comments received from parties regarding the previous distributions of these data. The ISO requested that parties provide any comments on these corrected calculations by June 27, 2008. One party, PG&E, provided comments in which it noted several minor computational errors in the data relating to interest on refunds. The ISO has made these corrections, but due to their minor nature, both in scope and financial impact, the ISO is not planning to re-circulate the interest on refund calculations.

The ISO will also need to perform adjustments to balances in the ISO market to account for any allocation that the ISO receives as a result of a shortfall in the PX markets between interest earned in the PX Settlement Clearing Account and the Commission's rate.⁸ However, as explained in the Thirty-Eighth (9/6/2007) status report, the ISO plans to wait to make these adjustments until after it completes the financial adjustment phase and begins accounting for the impacts of the settlements entered into in this proceeding. The ISO proposes to proceed in this manner because even if it calculates these

⁸ In its November 23, 2004 "Order on Rehearing" issued in this proceeding, the Commission accepted the ISO's request to allocate any portion of such shortfall assigned to the ISO pro rata to its participants. 109 FERC ¶ 61,218 at P 39 (2004).

adjustments during the financial adjustment phase, they will almost certainly have to be re-done when it accounts for settlements in this proceeding.⁹

III. FUTURE CAISO ACTIVITY

As noted in previous status reports, the ISO's intended process for completing the required refund case calculations could change as a result of any number of legal challenges to the Commission's orders (e.g., the Ninth Circuit's decision in *CPUC v. FERC* concerning certain "scope/transaction" issues). At this point, however, the ISO intends to proceed as follows.

A. AWAIT COMMISSION RULING ON OPEN ISSUES

As noted in Section II.A above, and discussed at length in the ISO's last several status reports, there are several open issues relating to the ISO's calculations to date, as well as the upcoming adjustment necessary to reflect the Commission's directive to remove refunds associated with non-jurisdictional entities. In the last status report, the ISO provided the most recent list of these issues, and indicated that it plans to await a Commission order on these issues before proceeding with the next phase of refund calculations, which will involve adjustments to implement *BPA v. FERC* and to reflect the impact of settlements entered into between parties to this proceeding. After the filing of the ISO's last status report, Commission Staff contacted the ISO and indicated that because two of the open issues identified by the ISO were raised solely in status reports and comments thereon, the Commission would require a separate motion in

⁹ October 19 Order on Remand, 121 FERC ¶ 61,067 (2007) ("October 19 Order").

order to rule on these two issues.¹⁰ Consistent with this directive, the ISO filed, on November 13, 2008, a motion requesting that the Commission rule on these two issues as soon as reasonably practicable. On November 26, 2008, the California Parties filed an answer to the ISO's motion, concurring with the ISO's position with respect to the two issues raised in the ISO's motion, as well as presenting other issues, most of which were included in the list of open issues contained in the ISO's last several status reports.

In its order issued in this proceeding on November 20, 2008, 125 FERC ¶ 61,214 (2008) ("November 20 Order"), the Commission addressed several of the open issues identified by the ISO and California Parties, namely:

- Whether the ISO should remove from its emissions and fuel cost offset calculations offsets relating to non-jurisdictional entities, and if so, whether it should perform this calculation prior to commencing the settlement adjustment phase.
- How the ISO should determine the level of refunds associated with non-jurisdictional entities, that is, whether such amounts should be based on the overall net refund position of non-jurisdictional entities, or based on the components of the refunds themselves.

¹⁰ These two issues are: (1) whether it is appropriate for the ISO to include, as part of the refund resettlement process, interest on adjustments made as part of the preparatory rerun; and (2) whether the ISO properly excluded from the fuel cost offset allocations fuel costs that exceeded a claimant's pre-mitigated amount, so as to ensure that the fuel cost allowance will not result in claimants receiving more than their pre-mitigated amount for each interval during the Refund Period, per the Commission's directive in Paragraph 55 of its May 12, 2004 "Order Addressing Fuel Cost Allowance Issues," 107 FERC ¶ 61,166 (2004).

- Whether mitigation should occur on sales in the ISO markets for which the PX acted as a Scheduling Coordinator on behalf of non-jurisdictional entities.
- Whether the Governmental Entities are exempt from the soft cap adjustment.

Nevertheless, the ISO continues to believe that the most sensible and expedient approach is to await a Commission ruling on the remaining open issues before beginning the next phase of refund adjustments, including adjustments to remove refund liabilities for non-jurisdictional entities. Although most of the remaining open issues are related to calculations already performed by the ISO, as described in Section III.B below, these calculations will still have to be adjusted in order to implement the *BPA* decision, and therefore, if these issues are not resolved prior to the next phase of refund calculations, the ISO will be faced with the risk of having to re-do those calculations yet again. The remaining open issues identified by the ISO are as follows:¹¹

- Whether it is appropriate for the ISO to include, as part of the refund resettlement process, interest on adjustments made as part of the preparatory rerun.
- Whether the ISO should have included in its cost offset calculations updated cost filing data from Constellation Energy based on additional costs incurred by Constellation to maintain collateral with the PX.

¹¹ For sake of space, the ISO has not herein repeated all of the citations to the pleadings addressing these issues. These citations are contained in the previous several status reports filed in this proceeding.

- Whether, for purposes of allocating cost recovery offsets, the ISO and California Power Exchange (“PX”) should determine “net refunds” based solely on the results of the application of MMCPs, or whether “net refunds” should also include offsets for fuel and emissions costs.
- Whether the ISO properly included in its cost offset allocation calculations the entire cost recovery claim of Edison Mission Marketing and Trading.
- Whether the ISO properly excluded from the fuel cost offset allocations fuel costs that exceeded a claimant’s pre-mitigated amount, so as to ensure that the fuel cost allowance will not result in claimants receiving more than their pre-mitigated amount for each interval during the Refund Period, per the Commission’s directive in Paragraph 55 of its May 12, 2004 “Order Addressing Fuel Cost Allowance Issues,” 107 FERC ¶ 61,166 (2004).
- Whether the ISO should treat the emissions cost allocation amounts attributed to sellers with approved cost recovery offset filings in the same manner as fuel cost allocation amounts, such that the allocated emissions cost amounts are included in those sellers’ total cost recovery offsets.

B. IMPLEMENTATION OF BPA DECISION

In its last two status reports, the ISO explained that once the Commission rules on the “open issues,” the ISO intends to implement the necessary adjustments to remove refunds associated with non-jurisdictional entities and allocate that shortfall to net refund recipients, as directed in the Commission’s October 19 Order and the Commission’s ruling on the universe of non-

jurisdictional entities. In their comments on the fortieth status report, the California Parties expressed concern that this approach may not be workable, and that depending on the circumstances of particular settlements, the adjustments for *BPA*¹² and the various settlements may instead need to be accomplished in the reverse order, or possibly together, in order to properly reflect the various global settlements. The California Parties suggested that this issue should be further discussed by the ISO, PX, and the parties affected by these calculations. The ISO agreed that such discussions should be held, and committed to participating. The ISO also agreed that data detailing these adjustments and providing assurances to both settling and non-settling parties that the adjustments have been implemented in a way that accurately reflects the settlements, while still protecting the rights of non-settling parties, should be provided.

In the November 20 Order, the Commission addressed several issues relating to implementation of the *BPA* decision. Based on these rulings, the ISO is tentatively proposing the following procedures for adjusting the refund calculations to “credit back” refunds that would be owed by non-jurisdictional entities:

STEP 1 – Determine the “net” refunds for each non-jurisdictional entity that participated in the ISO’s markets during the refund period. This involves calculating the amount of refunds that each non-jurisdictional entity would owe if it were required to pay refunds pursuant to the “hourly netting” methodology set

¹² *Bonneville Power Admin. v. FERC*, 422 F.3d 908 (9th Cir. 2005).

forth in the November 20 Order. These calculations will result in baseline “credits” to each non-jurisdictional entity, which will be adjusted in the steps below. The ISO expects that these calculations will result in most, if not all, non-jurisdictional entities becoming net refund recipients in the ISO’s markets.¹³ The ISO estimates that this step will take approximately one month. As part of this process, the ISO will also have to obtain data from the PX regarding what portion of the PX’s transactions in the ISO’s market during the refund period were made on behalf of non-jurisdictional entities, so that the ISO can determine the appropriate credit to the PX for these sales.

STEP 2 – Adjust offsets for emissions and fuel costs offsets. These adjustments must be made because the November 20 Order apparently determined that non-jurisdictional entities are not eligible to receive offsets, given that they will not be required to pay refunds. So the ISO must reverse emissions or fuel cost claims that had been credited to non-jurisdictional entities, and revise the allocations of these offsets as follows:

1. Emissions

LADWP and the City of Pasadena had approved emissions claims. Per the November 20 Order, because these entities are not required to pay refunds, they are not eligible to receive refund offsets. Therefore, the ISO must 1) charge back the offsets to LADWP and Pasadena, and 2) adjust (reduce) the allocations

¹³ This can be demonstrated by the following simplified example. Assume a non-jurisdictional entity, absent the *BPA* decision, owed \$50 in refunds and was owed \$20 in refunds, resulting in a net \$30 refund liability for the entire period. As a result of *BPA* and the Commission’s orders, that entity would no longer owe the \$50 in refunds, and would therefore become a net refund recipient. In this way, every non-jurisdictional entity that was a net purchaser over even a single mitigated hour during the refund period would become a net refund recipient.

of emissions claims to other parties proportionally. Aside from this proportional reduction, the allocation does not otherwise change because emissions offsets are based on total load during the refund period, which is not affected by the implementation of *BPA*. For LADWP and Pasadena, this will mean a reduction to their “baseline” credit calculated in Step 1.

2. Fuel Costs

LADWP and the City of Anaheim had approved fuel cost claims. Per the November 20 Order, because they are not liable for refunds, they are not eligible to receive a fuel cost offset to refunds. Therefore, the ISO must 1) charge back the offsets to LADWP and Anaheim (which will result in a reduction to their baseline credit calculated in Step 1), and 2) adjust the allocations of overall fuel cost offsets to other parties in the ISO market. The allocation percentages will not change, because they are based on “mitigated gross purchases,” which are not affected by *BPA*. For LADWP and Anaheim, this will mean a reduction to their “baseline” credit calculated in Step 1.

STEP 3 – Adjust cost-based offsets. No adjustment to the claim side is necessary, because every entity that had an approved cost filing was FERC-jurisdictional. The allocation side, however, will need to be recalculated completely, because cost filings were allocated according to “net refunds” received. The allocation therefore must be adjusted in order to account for the fact that most non-jurisdictional entities will become net refund recipients. This step will need to be performed in conjunction with the PX, consistent with the original allocation.

The ISO estimates that the adjustment of offsets will take approximately one month. However, there is some additional uncertainty inherent in this estimate because completion of the cost-based portion of this step is contingent upon receiving data from the PX.

STEP 4 – Allocate the final adjustment amounts determined pursuant to Steps 1 through 3 to net refund recipients in the ISO’s markets, in accordance with the October 19 Order. These net refund recipients will include most non-jurisdictional entities, assuming they become net refund recipients as the ISO expects. Their overall refund credit will be reduced in this step, along with the credits of other net refund recipients. The ISO estimates that this step will take approximately two weeks.

STEP 5 – Re-calculate interest to reflect the adjustments performed in Steps 1 through 4 above. The ISO estimates that this process will take approximately one month.

Consistent with its practice of affording parties the opportunity to review and validate refund calculations, the ISO intends to provide parties an approximately 3-week period at the end of each step to review those calculations and provide comments to the ISO. These review periods can proceed in parallel with the various calculations, however, so the time allocated to these review periods will not be cumulative with the estimated time to complete the calculations themselves. The ISO reiterates that it does not plan to commence these calculations until it receives a Commission ruling on the remaining “open issues,” as described above and listed comprehensively in its previous two status

reports. Finally, the ISO notes that the estimates provided above are contingent upon the availability of ISO staff trained to perform these calculations. Such availability may be limited over the next several months due to the high priority associated with ensuring the continued successful transition to the ISO's new market design, which commenced on March 31.

C. ADJUSTMENTS TO IMPLEMENT SETTLEMENTS

Although, as indicated above, it is not presently clear whether it will occur prior to, after, or during the *BPA* adjustment process, the ISO will also need to work with the parties to the various global settlements to make appropriate adjustments to the ISO's data in order to properly reflect those settlements. The ISO will provide more details regarding these adjustments, including the schedule for performing these adjustments and party review periods, in subsequent status reports. After completing all of these calculations, the ISO will make a compliance filing with the Commission that presents the final financial position of each party that participated in its markets during the Refund Period.¹⁴

D. UPDATED PREPARATORY RERUN COMPLIANCE FILING

In the October 19 Order, the Commission concluded that non-jurisdictional entities should receive the remaining past due principal amounts relating to sales that they made into the ISO and PX markets during the Refund Period.¹⁵ The Commission noted, however, that any disbursement of unpaid amounts first must

¹⁴ One issue that the ISO is currently considering involves the possible combination of the ISO and PX markets for purposes of the settlement adjustments, *BPA* adjustments, and compliance filing. The ISO intends to discuss this issue with the parties and based on these discussions, will include further information regarding this issue in future status reports.

¹⁵ October 19 Order at P 57.

be adjusted based upon preparatory rerun data, as finalized upon the completion of pending dispute resolution matters.¹⁶ The Commission also stated that it would direct such a disbursement once it ruled on the filings seeking designation as non-public utilities for purposes of refund liability.¹⁷ In the November 20 Order, the Commission clarified that it would not direct the disbursement of unpaid amounts owed to non-public utilities for sales they made in the ISO/PX markets during the Refund Period until the Commission: (1) approves compliance filings submitted by the ISO and PX that reflect preparatory rerun adjustments, including dispute resolution matters, and (2) rules on the filings by those entities that seek a designation as a non-public utility.¹⁸

Based on these directives, the ISO intends to file with the Commission a compliance filing containing the final results of its preparatory rerun adjustments, in the form of an updated version of its compliance report filed on October 6, 2004 in Docket No. ER03-746-000.¹⁹ In that report, the ISO explained the process for making the preparatory rerun adjustments, the interactions it had with market participants during the preparatory rerun process, including the process for resolving disputes relating to the preparatory rerun, and its internal process for verifying the results of the preparatory rerun. The ISO also described several other adjustments that it made as part of the preparatory rerun process but had not described in the Amendment No. 51 filings which initiated the preparatory rerun. Attached to the report was a spreadsheet that displayed the “results” of

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ November 20 Order at P 27.

¹⁹ Compliance Filing of the California Independent System Operator Corp. Concerning Preparatory Rerun Activity, Docket No. ER03-746-000 (filed October 6, 2004).

the preparatory rerun, *i.e.*, the, financial impact of the preparatory rerun for each Scheduling Coordinator.

The new version of this report will contain relevant updates to each of the categories in the original report, including explanations of adjustments made to the “baseline” transactional database after the filing of the original report (relating to matters resolved through the ISO’s ADR process, as explained in these status reports). The ISO will include with this filing an updated spreadsheet displaying the final preparatory rerun adjustments for each Scheduling Coordinator.

The ISO intends to file the updated compliance report as soon as possible. However, a specific date has not yet been settled on, largely because of personnel workload issues in light of the implementation of the ISO’s new MRTU market design, which was implemented on March 31. The ISO will provide more information on the timing of this filing in its next status report.

IV. CONCLUSION

The ISO respectfully requests that the Commission accept the ISO’s forty-third refund status report about rerun activity in this docket.

Respectfully submitted,

/s/ Michael Kunselman

Daniel J. Shonkwiler
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Telephone: (916) 608-7015

Michael Kunselman
Alston & Bird LLP
The Atlantic Building
950 F Street, N.W.
Washington, DC 20004
Tel: (202) 756-3300

Dated: May 8, 2009

ATTACHMENT A

**TABLE OF MAJOR REFUND CALCULATIONS DISTRIBUTED BY ISO AND
ASSOCIATED REVIEW PERIODS**
(May 2009)

Item	Date Issued	Review Period/Comments Due Date
Preparatory Settlement Rerun Calculations	Published by the ISO on a rolling basis between December 15, 2003 to July 16, 2004	Disputes accepted on a rolling basis between February 17, 2004 to September 11, 2004
Refund Settlement Rerun Calculations	Published by the ISO on a rolling basis between October 25, 2005 to February 17, 2006	Several due dates for disputes, the first being March 2, 2005, the last being March 1, 2006
Preliminary Mitigated Market Clearing Prices	May 28, 2004	No explicit comment period specified
Final Mitigated Market Clearing Prices	July 8, 2004	No explicit comment period specified
List of Transactions Exempt from Mitigation	November 4, 2004	No explicit comment period specified
Fuel Cost Allocation Percentages	December 22, 2005	4 Weeks
Revised Fuel Cost Allocation Percentages	June 1, 2006	June 8, 2006
Second Revised Fuel Cost Allocation Percentages	February 12, 2007	February 26, 2007
Third Revised Fuel Cost Allocation Percentages	March 29, 2007	April 12, 2007
Emissions Allocation Percentages	April 25, 2006	May 23, 2006
Final Approved Emissions Claim Amounts	September 21, 2006	No explicit comment period, as the ISO did not receive any objections to its previous emissions distribution

Cost Recovery Allocation Data	April 10, 2007	May 1, 2007
Reversal of Interest Charged During Refund Period	January 12, 2006	No explicit comment period specified
Interest on Unpaid Invoices	May 1, 2006	No explicit comment period specified
Revised Interest on Unpaid Invoices	September 29, 2006	October 27, 2006
Second Revised Interest on Unpaid Invoices	February 27, 2007	March 15, 2007
Interest on Preparatory Rerun Adjustments Relating to Refund Period Transactions	March 29, 2007	April 19, 2007
Revised Cost Allocation Data	May 22, 2007	June 12, 2007
Fourth Revised Fuel Cost Allocation Percentages	May 22, 2007	June 12, 2007
Fifth Revised Fuel Cost Allocation Percentages	July 16, 2007	August 8, 2007
Interest on Refunds	March 21, 2008	April 18, 2008
Third Revised Interest on Unpaid Invoices and Second Revised Interest on Refunds	June 12, 2008	June 27, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the email listserv established by the Commission for this proceeding.

Dated at Washington, DC, on this 8th day of May, 2009.

/s/ Michael Kunselman

Michael Kunselman

(202) 756-3395