

THIS FILING IS

Item 1:  An Initial (Original) Submission OR  Resubmission No. \_\_\_\_\_

Form 1 Approved  
OMB No. 1902-0021  
(Expires 12/31/2011)  
Form 1-F Approved  
OMB No. 1902-0029  
(Expires 12/31/2011)  
Form 3-Q Approved  
OMB No. 1902-0205  
(Expires 1/31/2012)



# FERC FINANCIAL REPORT

## FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

**Exact Legal Name of Respondent (Company)**

California Independent System Operator Corporation

**Year/Period of Report**

**End of** 2008/Q4

## Report of Independent Auditors

To the Members of the Board of Governors  
California Independent System Operator Corporation:

We have audited the accompanying balance sheets of the California Independent System Operator Corporation ("the Company") as of December 31, 2008 and 2007 and the related statements of income, retained earnings and cash flows for the years then ended, included on pages 110 through 123.15 and page 450.1 of the accompanying Federal Energy Regulatory Commission Form 1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the Members of the Board of Governors and management of the California Independent System Operator Corporation and for filing with the Federal Energy Regulatory Commission and should not be used for any other purpose.

*PricewaterhouseCoopers LLP*

Sacramento, California  
May 22, 2009

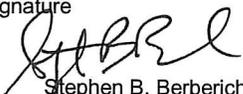
**FERC FORM NO. 1/3-Q:  
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

IDENTIFICATION		
01 Exact Legal Name of Respondent California Independent System Operator Corporation	02 Year/Period of Report End of <u>2008/Q4</u>	
03 Previous Name and Date of Change (if name changed during year)  / /		
04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 151 Blue Ravine Road, Folsom, CA 95630		
05 Name of Contact Person Dennis Y. Estrada	06 Title of Contact Person Lead Financial Reporting	
07 Address of Contact Person (Street, City, State, Zip Code) 151 Blue Ravine Road, Folsom CA 95630		
08 Telephone of Contact Person, including Area Code (916) 351-2235	09 This Report Is (1) <input checked="" type="checkbox"/> An Original      (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 05/22/2009

**ANNUAL CORPORATE OFFICER CERTIFICATION**

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Stephen B. Berberich	03 Signature  Stephen B. Berberich	04 Date Signed (Mo, Da, Yr) 05/22/2009
02 Title VP, Corp Services and Interim CFO		

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
2	Control Over Respondent	102	
3	Corporations Controlled by Respondent	103	N/A
4	Officers	104	
5	Directors	105	
6	Important Changes During the Year	108-109	
7	Comparative Balance Sheet	110-113	
8	Statement of Income for the Year	114-117	
9	Statement of Retained Earnings for the Year	118-119	
10	Statement of Cash Flows	120-121	
11	Notes to Financial Statements	122-123	
12	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	
13	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
14	Nuclear Fuel Materials	202-203	N/A
15	Electric Plant in Service	204-207	
16	Electric Plant Leased to Others	213	N/A
17	Electric Plant Held for Future Use	214	N/A
18	Construction Work in Progress-Electric	216	
19	Accumulated Provision for Depreciation of Electric Utility Plant	219	
20	Investment of Subsidiary Companies	224-225	N/A
21	Materials and Supplies	227	N/A
22	Allowances	228-229	N/A
23	Extraordinary Property Losses	230	N/A
24	Unrecovered Plant and Regulatory Study Costs	230	N/A
25	Transmission Service and Generation Interconnection Study Costs	231	N/A
26	Other Regulatory Assets	232	N/A
27	Miscellaneous Deferred Debits	233	N/A
28	Accumulated Deferred Income Taxes	234	N/A
29	Capital Stock	250-251	N/A
30	Other Paid-in Capital	253	N/A
31	Capital Stock Expense	254	N/A
32	Long-Term Debt	256-257	
33	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	N/A
34	Taxes Accrued, Prepaid and Charged During the Year	262-263	
35	Accumulated Deferred Investment Tax Credits	266-267	N/A
36	Other Deferred Credits	269	

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	N/A
38	Accumulated Deferred Income Taxes-Other Property	274-275	N/A
39	Accumulated Deferred Income Taxes-Other	276-277	N/A
40	Other Regulatory Liabilities	278	N/A
41	Electric Operating Revenues	300-301	
42	Sales of Electricity by Rate Schedules	304	N/A
43	Sales for Resale	310-311	N/A
44	Electric Operation and Maintenance Expenses	320-323	
45	Purchased Power	326-327	N/A
46	Transmission of Electricity for Others	328-330	N/A
47	Transmission of Electricity by ISO/RTOs	331	
48	Transmission of Electricity by Others	332	N/A
49	Miscellaneous General Expenses-Electric	335	
50	Depreciation and Amortization of Electric Plant	336-337	
51	Regulatory Commission Expenses	350-351	
52	Research, Development and Demonstration Activities	352-353	N/A
53	Distribution of Salaries and Wages	354-355	
54	Common Utility Plant and Expenses	356	N/A
55	Amounts included in ISO/RTO Settlement Statements	397	N/A
56	Purchase and Sale of Ancillary Services	398	N/A
57	Monthly Transmission System Peak Load	400	N/A
58	Monthly ISO/RTO Transmission System Peak Load	400a	
59	Electric Energy Account	401	N/A
60	Monthly Peaks and Output	401	
61	Steam Electric Generating Plant Statistics	402-403	N/A
62	Hydroelectric Generating Plant Statistics	406-407	N/A
63	Pumped Storage Generating Plant Statistics	408-409	N/A
64	Generating Plant Statistics Pages	410-411	N/A
65	Transmission Line Statistics Pages	422-423	N/A
66	Transmission Lines Added During the Year	424-425	N/A

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
67	Substations	426-427	N/A
68	Footnote Data	450	
	<p><b>Stockholders' Reports</b> Check appropriate box:</p> <p><input type="checkbox"/> Four copies will be submitted</p> <p><input checked="" type="checkbox"/> No annual report to stockholders is prepared</p>		

Name of Respondent California Independent System Operator Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/22/2009	Year/Period of Report End of <u>2008/Q4</u>
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**GENERAL INFORMATION**

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Stephen B. Berberich  
VP Corporate Services and Interim Chief Financial Officer  
151 Blue Ravine Road  
Folsom, CA 95630

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

California - 1997

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

California - Independent system operator of the IOU-owned transmission lines.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

- (1)  Yes...Enter the date when such independent accountant was initially engaged:
- (2)  No

Name of Respondent California Independent System Operator	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/22/2009	Year/Period of Report End of <u>2008/Q4</u>
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**CONTROL OVER RESPONDENT**

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the respondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

The California Independent System Operator Corporation (CAISO) was created as a result of the restructuring of the electric industry in California. CAISO is exempt from Federal income taxes under Section 501 (c) (3) of the US Internal Revenue Code and is also exempt from California state franchise and income taxes.

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.  
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President and Chief Executive Officer	Yakout Mansour	449,504
2	Vice President and General Counsel	Nancy J. Saracino	239,539
3	Vice President, Grid Operations	James W. Detmers	265,762
4	Vice President, Corporate Services	Stephen B. Berberich	275,747
5	Vice President, Planning and Infrastructure Deveelopme	Armando J. Perez *	90,000
6	Vice President, Market Dev and Pgm Mgmt	Charles King **	106,819
7	Vice President, External Relations	Karen K. Edson	249,766
8	Vice President, Market and Infrastructure Development	Laura J. Manz ***	91,346
9	Vice President, Finance and Chief Financial Officer	William J. Regan, Jr ****	72,126
10	Chief Financial Officer	Philip R. Leiber *****	173,857
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18			
19			
20	* Thru 05/09/08		
21	** Thru 02/25/08		
22	*** Effective 08/11/08		
23	**** Thru 04/04/08		
24	***** Effective 04/07/08		
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36	Amounts reported in column "Salary for Year (c)"		
37	represent base salary.		
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DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.  
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Tim Gage ***	5714 Folsom Blvd., #127
2	Elizabeth Lowe *** (thru 01/2008)	25 Panorama Ct., Danville, CA 94506
3	Mason Willrich **	38 Dudley Ct. Piedmont, CA 94611
4	Linda Capuano ***	PO Box 639014, Folsom, CA, 95763-4400
5	Tom Page***	PO Box 639014, Folsom, CA 95763-4400
6	Laura Doll ***	PO Box 639014, Folsom, CA 95763-4400
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Name of Respondent California Independent System Operator	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 05/22/2009	Year/Period of Report End of <u>2008/Q4</u>
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**IMPORTANT CHANGES DURING THE QUARTER/YEAR**

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK  
SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
California Independent System Operator Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 05/22/2009	2008/Q4
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. N/A
2. N/A
3. N/A
4. N/A
5. N/A
6. The Company issued the CIEDB 2008 Series A Bonds. Please refer to Note 8 of the 2008 Form 1 Notes to the Financial Statements.
7. None
8. None
9. Please refer to Note 12 Contingencies of the 2008 Form 1 Notes to the Financial Statements.
10. None
- 11.
12. N/A
13. Officer changes due to retirements occurred during the period. Please refer to page 104.
14. N/A

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
<b>1</b>	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	262,918,482	261,628,748
3	Construction Work in Progress (107)	200-201	223,180,128	179,867,158
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		486,098,610	441,495,906
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	228,845,943	228,568,378
6	Net Utility Plant (Enter Total of line 4 less 5)		257,252,667	212,927,528
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		257,252,667	212,927,528
15	Utility Plant Adjustments (116)	122	0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
<b>17</b>	<b>OTHER PROPERTY AND INVESTMENTS</b>			
18	Nonutility Property (121)		0	270,000
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		60,060,749	67,898,580
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		224,691,315	161,004,269
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		284,752,064	229,172,849
<b>33</b>	<b>CURRENT AND ACCRUED ASSETS</b>			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		79,463,610	59,967,377
36	Special Deposits (132-134)		23,572,153	62,308,079
37	Working Fund (135)		1,588	1,840
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		1,558,833	713,258
41	Other Accounts Receivable (143)		1,520,374	1,430,465
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		0	0
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		0	0
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	0	0
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		6,491,627	4,288,035
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		1,209,498	1,532,479
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		49,674,128	48,424,119
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		163,491,811	178,665,652
68	<b>DEFERRED DEBITS</b>			
69	Unamortized Debt Expenses (181)		1,972,141	1,205,724
70	Extraordinary Property Losses (182.1)	230	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
72	Other Regulatory Assets (182.3)	232	0	0
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		-69,387	-65,898
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	0	0
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	0	0
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		1,902,754	1,139,826
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		707,399,296	621,905,855

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	0	0
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	0	0
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	243,178,877	208,416,607
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-3,878,338	0
16	Total Proprietary Capital (lines 2 through 15)		239,300,539	208,416,607
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	196,970,000	189,700,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		7,402,456	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		204,372,456	189,700,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		14,939,186	10,783,876
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	1,378,357
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		14,939,186	12,162,233
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		28,060,888	32,474,073
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		0	0
41	Customer Deposits (235)		155,767,409	122,918,765
42	Taxes Accrued (236)	262-263	221,525	186,979
43	Interest Accrued (237)		3,974,375	0
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)** (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	0
48	Miscellaneous Current and Accrued Liabilities (242)		0	0
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		188,024,197	155,579,817
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		0	0
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	60,762,918	56,047,198
60	Other Regulatory Liabilities (254)	278	0	0
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		0	0
64	Accum. Deferred Income Taxes-Other (283)		0	0
65	Total Deferred Credits (lines 56 through 64)		60,762,918	56,047,198
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		707,399,296	621,905,855

STATEMENT OF INCOME

- Quarterly
1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
  2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
  3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
  4. If additional columns are needed place them in a footnote.

- Annual or Quarterly if applicable
5. Do not report fourth quarter data in columns (e) and (f)
  6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
  7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
  8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	200,743,910	200,625,568		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	129,396,252	128,600,564		
5	Maintenance Expenses (402)	320-323	18,608,429	9,896,414		
6	Depreciation Expense (403)	336-337	12,822,077	14,977,712		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337				
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	278,624	321,347		
15	Income Taxes - Federal (409.1)	262-263				
16	- Other (409.1)	262-263				
17	Provision for Deferred Income Taxes (410.1)	234, 272-277				
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277				
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		161,105,382	153,796,037		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		39,638,528	46,829,531		

STATEMENT OF INCOME FOR THE YEAR (Continued)

- 9. Use page 122 for important notes regarding the statement of income for any account thereof.
- 10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
- 11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
- 12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
- 13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
- 14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
- 15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
200,743,910	200,625,568					2
						3
129,396,252	128,600,564					4
18,608,429	9,896,414					5
12,822,077	14,977,712					6
						7
						8
						9
						10
						11
						12
						13
278,624	321,347					14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
161,105,382	153,796,037					25
39,638,528	46,829,531					26

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		39,638,528	46,829,531		
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		4,589,405	12,966,286		
38	Allowance for Other Funds Used During Construction (419.1)					
39	Miscellaneous Nonoperating Income (421)		60,308	227,093		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		4,649,713	13,193,379		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)	340				
45	Donations (426.1)	340				
46	Life Insurance (426.2)					
47	Penalties (426.3)					
48	Exp. for Certain Civic, Political & Related Activities (426.4)					
49	Other Deductions (426.5)		167,018	115,511		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		167,018	115,511		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263				
53	Income Taxes-Federal (409.2)	262-263				
54	Income Taxes-Other (409.2)	262-263				
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277				
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277				
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)					
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		4,482,695	13,077,868		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		9,923,107	8,806,737		
63	Amort. of Debt Disc. and Expense (428)		649,707	505,058		
64	Amortization of Loss on Reaquired Debt (428.1)		194,463			
65	(Less) Amort. of Premium on Debt-Credit (429)		1,786,033			
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340				
68	Other Interest Expense (431)	340	4,840,717	6,738,047		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		4,463,008	2,317,146		
70	Net Interest Charges (Total of lines 62 thru 69)		9,358,953	13,732,696		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		34,762,270	46,174,703		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		34,762,270	46,174,703		

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		208,416,607	162,241,904
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		34,762,270	46,174,703
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		243,178,877	208,416,607
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		243,178,877	208,416,607
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

**STATEMENT OF CASH FLOWS**

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.  
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.  
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.  
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	34,762,270	46,174,703
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	12,822,077	14,977,712
5	Amortization of Debt Expenses	844,170	505,058
6	Amortization of Bond Premium	-1,786,033	
7	Capitalized Interest Expense in Accrued Payables	-1,717,499	-2,317,146
8	Deferred Income Taxes (Net)		
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	-4,062,362	-10,524,810
11	Net (Increase) Decrease in Inventory		
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	2,043,707	5,575,346
14	Net (Increase) Decrease in Other Regulatory Assets		
15	Net Increase (Decrease) in Other Regulatory Liabilities		
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):		
19	Net Increase (Decrease) in Derivative Instrument Liabilities	446,643	1,750,085
20	Net Increase in Other Deferred Credits	4,715,720	6,963,486
21	Loss on Disposal of Asset/Abandonement of Software	148,000	65,681
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	48,216,693	63,170,115
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)		
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant	-57,748,716	-59,747,052
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction		
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-57,748,716	-59,747,052
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)	270,000	
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)	-76,074,612	-92,214,088
45	Proceeds from Sales of Investment Securities (a)	83,912,442	95,628,682

**STATEMENT OF CASH FLOWS**

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.  
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.  
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.  
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase ) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-49,640,886	-56,332,458
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	202,722,903	59,168,091
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68	Receipts from Market Participants (See Note 4)	168,496,000	119,231,044
69	Payments to Market Participants (see Note 4)	-135,647,356	-48,172,210
70	Cash Provided by Outside Sources (Total 61 thru 69)	235,571,547	130,226,925
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-189,700,000	-58,700,000
74	Preferred Stock		
75	Common Stock		
76	Decrease in Sinking Fund		
77	Decrease in Special Deposits	38,735,926	1,736,933
78	Net Decrease in Short-Term Debt (c)		
79	Net (Increase) in Other Special Funds	-63,687,047	-88,186,930
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	20,920,426	-14,923,072
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	19,496,233	-8,085,415
87			
88	Cash and Cash Equivalents at Beginning of Period	59,967,377	68,052,792
89			
90	Cash and Cash Equivalents at End of period	79,463,610	59,967,377

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/22/2009	Year/Period of Report 2008/Q4
California Independent System Operator Corporation			
FOOTNOTE DATA			

**Schedule Page: 120 Line No.: 20 Column: b**

Other Deferred Credits

	<u>2008</u>	<u>2007</u>
Fines Subject to Refund	\$ 56,684,819	\$ 52,002,850
GMC Refund Obligation	2,716,148	2,557,400
Advances for Leasehold Improvements	1,358,493	1,486,944
Unearned Revenue	<u>3,458</u>	<u>4</u>
	\$ 60,762,918	\$ 56,047,198

**Schedule Page: 120 Line No.: 61 Column: c**

Amount filed in the prior year has been corrected. See description in Note 2.

**Schedule Page: 120 Line No.: 90 Column: b**

Cash and Cash Equivalents, 12/31

	2008	2007
1310011 Concentration Account	\$ 47,944,556	\$ 38,567,843
1310013 Disbursement Account	( 2,712,123)	( 2,993,193)
1310014 Payroll Account	( 116,371)	( 143,581)
1310018 Mellon Financial Markets	18,070,035	17,690,817
Cash Equivalents - Investments	<u>16,277,513</u>	<u>6,845,492</u>
	\$ 79,463,610	\$ 59,967,377

**Supplemental Information:**

Cash paid for interest (net of capitalized interest)	\$ 5,502,000	\$ 4,740,000
------------------------------------------------------	--------------	--------------

**Supplemental Disclosure of Noncash Financing and Investing Activities:**

Amortization of bond premium	\$ 1,786,000	\$ -
Amortization of bond issuance costs and loss on refunding	( 844,000)	( 505,000)
Change of valuation of derivative financial instruments	( 400,000)	(1,750,000)
Generator fines interest included in interest expense	(4,682,000)	(6,155,000)
Purchases and development of fixed assets included in accounts payable and accrued expenses	2,249,000	4,420,000

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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Recquired Debt, and 257, Unamortized Gain on Recquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK  
 SEE PAGE 123 FOR REQUIRED INFORMATION.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

## 1. Organization and Operations

The California Independent System Operator Corporation (the Company), a nonprofit public benefit corporation incorporated in May 1997, is responsible for the operation of the long-distance, high-voltage power lines that deliver electricity throughout the California Grid and to neighboring control areas and states, as well as with Canada and Mexico. The Company charges a Grid Management Charge (GMC) to market participants to recover the Company's costs and to provide an operating reserve. The Company's principal objective is to ensure the reliability of the California grid, while fostering a low-cost wholesale marketplace for electrical generation and related services in California. The Company operates pursuant to tariffs filed with the Federal Energy Regulatory Commission (FERC).

The Company operates day-ahead and hour-ahead markets for transmission congestion and ancillary services, operates a real-time market for balancing energy, and administers Reliability-Must-Run (RMR) contracts. RMR contracts allow the Company access to power at contractually agreed-upon prices from generation units which, due to their location and other factors, must be operated at certain times to ensure the reliability of local transmission. The Company also performs a settlement and clearing function by collecting payments from users of these services and making pass-through payments to providers of such services. Cash held by the Company on behalf of market participants is recorded in an other special funds account with a corresponding customer deposits liability on the balance sheet. Except as noted above, market transactions are maintained in financial records separate from the Company, and accordingly, the financial results of these market transactions are not included in the financial statements of the Company. Any market defaults are proportionately allocated to market participants based on net amounts due them for the month of default.

The Board of Governors (Board) of the Company is composed of five members appointed by the California Governor and confirmed by the California State Senate.

## 2. Summary of Significant Accounting Policies

### Method of accounting

The accompanying financial statements have been prepared in conformity with the requirements of the FERC, as set forth in its applicable Uniform System of Accounts and published accounting releases. Accordingly, as required by the FERC, certain information has been presented differently or has been excluded from that which would be required by accounting principles generally accepted in the United States of America (GAAP). Such differences include expense reconition related to the post-employment medical benefit plan, accounting for certain investments, the classification of long-term debt, balance sheet captions used for certain assets and liabilities, and the presentation of cash flows, as specified by FERC. Additionally, certain disclosures required by GAAP are not required to be presented by the FERC.

### Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. In particular, the Company's results of operations and financial position are materially affected by the management estimates associated with generator noncompliance fines, as discussed in Note 7. Actual results could materially differ from these, and other, estimates.

### Utility plant

Fixed assets are recorded at cost. Depreciation is computed on the straight-line method over the assets' estimated useful lives. Most of the Company's investment in fixed assets consists of information systems, which are being depreciated over useful lives of three to five years. The cost of improvements to or replacement of fixed assets is

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capitalized. Interest incurred during development is capitalized. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the accounts and any resulting gain or loss is reflected in the Company's statement of income for the period. Repairs and maintenance costs are charged to expense when incurred. The Company capitalizes direct costs of salaries and certain indirect costs incurred to develop or obtain software for internal use. Costs incurred related to software development during the preliminary project stage and training and maintenance costs are expensed as incurred. Costs of software development related to abandoned projects are expensed when the decision to abandon is made.

### Cash and cash equivalents

Cash and cash equivalents are included in various funds whose use is either unrestricted or restricted. Cash and cash equivalents are comprised of cash on hand, governmental securities, commercial paper, money market investments, mutual funds and certificates of deposit and other highly liquid investments with original maturities of three months or less.

### Other property and investments

Other property and investments include other investments and other special funds. Other investments include government and federal agency securities and corporate bonds, with maturities of more than three months. Investments are carried at fair value. Income on investments and the gain or loss from the mark-to-market on investments are recorded as a component of interest income.

Other special funds include cash and cash equivalents restricted by tariff for market participants, bond indenture agreements for capital expenditures, restricted for retirement plans and funds deposited for generator interconnection studies.

### Current and accrued assets

Current and accrued assets include cash on hand, special deposits, customer accounts receivable, other accounts receivable, prepayments, interest and dividends receivable, and accrued utility revenues.

Special deposits include cash, cash equivalents and investments restricted for debt service that are held by a bond trustee under an indenture agreement for scheduled repayments of bond principal and for a debt service reserve fund. Investments, which include government and federal agency securities, corporate bonds and guaranteed investment contracts (GICs), are carried at fair value.

### Accrued utility revenues and revenue recognition

The GMC, which is based on rates filed with FERC, is designed to recover the Company's operating, capital expenditure and debt service costs, and to provide for an operating reserve. GMC revenues are recognized when the related energy transaction takes place. Since the GMC is billed and collected approximately 65 days after each month-end, GMC revenues are recognized based on estimates of the underlying volumes of energy transactions and are true-up upon final billing. GMC and other market service billings are dependent upon accurate generation, load and other information, much of which is accumulated through meter data, and some of which are not available to the Company for up to 65 days. Meter data is subject to estimation by the Company when data is not submitted timely, and is subject to delayed adjustment when meter data previously submitted is subsequently adjusted under specific circumstances. On occasion, such adjustments may result in adjustments to true-up GMC billings after the final invoices have been issued.

The 2008 and 2007 GMC rates were comprised of the following six service categories: core reliability services; energy transmission services; forward scheduling; congestion management; market usage; and settlements, metering and client relations.

The operating reserve is calculated separately for each GMC service category and accumulates until the reserve becomes fully funded (at 15 percent of budgeted annual operating costs for each rate service category). At December 31, 2008, the operating reserve for each service category was fully funded. In accordance with the Tariff, any surplus operating reserve balance is applied as a reduction in revenue requirements in the following year. These operating reserve amounts are included in the net assets of the Company and are not included in the GMC refund

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obligations described below. The Tariff requires GMC rates to be adjusted not more than once per quarter in the event that billing determinant volumes differ by more than five percent from those projections used to set rates. During 2008 and 2007, adjustments were made to certain GMC rates pursuant to these provisions.

#### **Generator interconnection studies**

The Company is responsible for conducting generator interconnection studies. The project sponsors, which are the owners of the generating plants that are planned to be connected to the California grid, request the Company to conduct these studies and are required to make a deposit before any studies are performed. At any time, the project sponsors may withdraw from the studies and have the right to any remaining unapplied deposits.

In accordance with the tariff, the Company charges the project sponsors the actual costs of the studies. Related study costs include both internal costs and external costs and are recorded, when incurred as operating expenses. As costs are incurred, the Company recognizes revenue for the same amount, which is recorded as a component of operating revenues. The Company applies the deposits against the related receivable once the studies are completed.

#### **Deferred debits**

Deferred debits consist primarily of debt issuance costs, which are amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method.

#### **Other deferred credits**

Other deferred credits consist primarily of generator noncompliance fines and a GMC refund obligation.

From December 8, 2000 through June 30, 2001, the Company assessed noncompliance fines on participating generators that failed to fully comply with dispatch instructions when the Company was seeking to prevent an imminent or threatened system emergency. In accordance with the Tariff, these fines are retained by the Company. The Company recorded the net realizable amount of such fines as revenue when the underlying noncompliance event occurred, and adjusts such amounts in recognition of evolving factors affecting the ultimate recognition of the fines charged. During 2008 and 2007, there were no adjustments to generator fine revenues.

GMC refund obligation consists of previously collected GMC revenue to be refunded to market participants, generally as a result of GMC settlement agreements as described in Note 12.

#### **Interest rate swap agreements**

The Company enters into interest rate swap agreements to modify the effective rate of interest on outstanding variable-rate debt. Interest expense is reported net of the swap payments received or paid as a component of interest on long-term debt in the statement of income. The Company's interest rate swaps are accounted for as derivative instruments and are recorded on the balance sheet at fair value at December 31, 2007. At December 31, 2008, the Company did not have any interest rate swap agreements.

#### **Income taxes**

The Company is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Service (IRS) Code and is exempt from California State franchise income taxes.

#### **Concentration of credit risk**

Financial instruments that subject the Company to credit risk consist primarily of accounts receivable relating to GMC billings due from market participants. All of the Company's receivables are due from entities in the energy industry, comprising utilities, generation owners, and other electricity market participants. For the years ended December 31, 2008 and 2007, approximately 54 percent and 53 percent, respectively, of GMC revenues were from two market participants. GMC revenues have a priority claim against any market-related receipts.

The Company's concentration of credit risk related to its investment portfolio is the risk attributed to the magnitude of investments in a single issuer. At December 31, 2008 and 2007, the Company had 55% and 81% of its investment

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portfolio concentrated in 6 and 8 issuers, respectively.

### Implementation of FASB Statement No. 157

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. SFAS 157 applies under other existing accounting pronouncements that require or permit fair value measurements, as the FASB previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, SFAS 157 does not require any new fair value measurements. For the year ending December 31, 2008, the Company adopted SFAS 157 as it relates to financial assets and liabilities. The adoption of SFAS 157 did not impact the Company's financial position or results of operations. The new disclosures required by SFAS 157 are included in Note 9.

### Revisions

In 2008, certain amounts in the cash flows from financing activities section of the 2007 FERC Form 1 statement of cash flows have been revised and, therefore, are different than previously reported. The differences are due to an incorrect classification of the proceeds from issuance of long-term debt. The revisions, as detailed below, do not result in a change in the total cash flows from financing activities, as previously reported.

The revisions to the accompanying 2007 cash flow statement correct the descriptions of certain proceeds, as follows:

Caption		Revised	As Originally Filed	Change
Cash Flows from financing activities:				
	Proceeds from issuance of long-term debt	\$ 59,168,091	\$ -	\$ 59,168,091
	Decrease in sinking funds	\$ -	\$ 59,168,091	\$ (59,168,091)

### 3. Customer Deposits

Customer deposits, which are held by the Company to be remitted to market participants or others on their behalf, consist of the following at December 31 (in thousands):

	2008	2007
Security deposits	\$ 46,931	\$ 52,945
Market funds pending settlement	27,239	36,428
Pass-through fees due to others	26,058	22,931
Generator interconnection study deposits	55,539	10,615
Total amounts restricted for market participants	\$ 155,767	\$ 122,919

Cash and cash equivalents restricted for market participants consist of amounts held by the Company to be remitted to market participants or others on their behalf. Security deposits are amounts received from those market participants required to post security deposits for their transactions in the Company's markets. Market funds pending settlement consist of amounts collected during the settlement and clearing function that will pass through to market participants in subsequent periods. A portion of the market funds pending settlement (\$18.2 million and \$26.5 million at December 31, 2008 and 2007, respectively) are being held pending resolution of the FERC Refund Case (Note 12). Pass-through fees due to others consist of amounts collected from market participants that will be paid to market participants for summer reliability, startup costs and emission costs. Generator interconnection study deposits consist of amounts collected for future studies.

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These amounts are reflected in the balance sheet as Customer Deposits, a liability, and as a component of Other Special Funds, an asset.

**4. Other Investments, Other Special Funds and Special Deposits**

Other investments, other special funds and special deposits consist of the following at December 31 (in thousands):

	2008	2007
Money market and other mutual funds	\$ 219,864	\$ 196,386
Corporate bonds and commercial paper	63,862	50,602
Government securities	24,561	44,186
Common and preferred stocks	37	37
	<u>\$ 308,324</u>	<u>\$ 291,211</u>
Other investments	\$ 60,061	\$ 67,899
Other special funds	224,691	161,004
Special deposits	23,572	62,308
	<u>\$ 308,324</u>	<u>\$ 291,211</u>

**5. Utility Plant**

Utility Plant consists of the following at December 31 (in thousands):

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	2008	2007
Nondepreciable fixed assets:		
Land	\$ 9,380	\$ 9,380
Work-in-progress, MRTU	192,904	155,924
Work-in-progress, other	20,897	14,563
	<u>223,181</u>	<u>179,867</u>
Depreciable fixed assets:		
Information systems:		
Scheduling infrastructure, scheduling applications, balance of business systems and other systems	147,021	143,603
Metering and data acquisition and other systems	71,576	75,361
Energy management system	16,964	16,680
Leasehold improvements	16,925	15,259
Furniture and fixtures	10,432	10,726
	<u>262,918</u>	<u>261,629</u>
Less: accumulated depreciation	(228,846)	(228,569)
	<u>34,072</u>	<u>33,060</u>
Total fixed assets, net	<u>\$ 257,253</u>	<u>\$ 212,927</u>

Work-in-progress includes capitalized interest of \$9.7 million and \$5.2 million at December 31, 2008 and 2007, respectively. The MRTU Project is composed of several components, which are transferred to depreciable fixed assets as they are put into production. The internally developed software related to MRTU was substantially complete and capitalization ceased on December 1, 2008.

## 6. Employee Note Receivable

The Company provided \$500,000 in financing to an officer of the Company in connection with the purchase of his primary residence. The loan is secured by a subordinated deed of trust on the property, accrues interest at 6.5 percent per annum, compounded annually, and requires annual payments of \$68,000 per year. Portions of the note may be forgiven by the Company based on the officer's continuing employment as set forth in the employment agreement. The balance due at December 31, 2008 and 2007 of \$473,909 and \$511,839, respectively, including accrued interest, is included in other accounts receivable in the accompanying balance sheet.

## 7. Generator Noncompliance Fines

In 2000 and 2001, the Company billed generator noncompliance fines to market participants totaling \$122.1 million. Through December 31, 2007, collection of these fines totaled \$60.7 million. Generally, these fines were assessed at twice the highest price paid in the Company's markets for energy and were applied against the amount of energy the participating generator failed to supply as directed by the Company during specific emergency conditions as defined in the Tariff. These fines will be retroactively adjusted as a result of the FERC Refund Case, as described in Note 12, in which the prices used to calculate the fines are subject to adjustment, with any surplus collections being refunded to market participants with interest.

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Based on estimates of the mitigated energy prices in the FERC Refund Case, the Company recorded fine revenues totaling \$29.5 million through 2004 which results in a refund liability of \$31.2 million. The ultimate settlement of fines is expected after the conclusion of the proceedings in the FERC Refund Case and the ultimate financial settlement of the California Power Exchange (Cal PX). While there are significant uncertainties associated with this process, management believes it is unlikely that there will be any future reduction in generator fines that will ultimately be realized by the Company.

In accordance with FERC rulings, the Company accrues interest on the portion of fines collected in excess of the estimated realizable amount (except as noted below) which are to be refunded to market participants when the amounts are ultimately settled. Such interest expense amounted to \$4.7 million and \$6.2 million in 2008 and 2007, respectively. At December 31, 2008 and 2007, accrued interest payable related to these fines totaled \$25.5 million and \$20.8 million, respectively.

The correction of base level transactions included in the preparatory rerun resulted in an upward adjustment to fines amounting to \$20.5 million. The current treatment of interest excludes the calculation of interest on the preparatory rerun corrections, based on the position that interest would only accrue upon the preparatory rerun being invoiced. The Company believes that preparatory rerun corrections should be eligible for interest from the due date of the original trade month being corrected in the same manner as interest on corrections for mitigated market-clearing prices in the refund rerun. The Company included this position in a status report that was filed with FERC in March 2007, and in November 2008, requested a FERC ruling on this issue. If approved, the effect would be to reduce interest payable by \$12.2 and \$10.2 million at December 31, 2008 and 2007, respectively. The Company has not recorded any interest income or receivable relating to this matter since the realization is not assured and there has been no ruling on the issue from FERC.

At December 31, 2008 and 2007, the estimated net realizable amount of fines is \$29.5 million. Included in other deferred credits at December 31, 2008 and 2007, is an estimated refund liability to market participants of \$56.7 million and \$52.0 million representing the difference between the \$60.7 million in collections and the estimated fines to be retained, plus accrued interest.

## 8. Bonds and Swap Agreements

Bonds consist of the following at December 31 (in thousands):

	2008	2007
CIEDB Revenue Bonds, Series 2008		
Fixed interest rates of 4.00% - 5.00% with maturities through 2014	\$ 196,970	\$ -
CIEDB Variable Rate Demand Revenue Bonds (VRDBs) refunded with Series 2008 bonds	-	189,700
Unamortized net premium on Series 2008 bonds	7,402	-
Total long-term debt	204,372	189,700
Less: current portion	(31,000)	(64,600)
Total long-term debt, less current portion	\$ 173,372	\$ 125,100

Scheduled future debt service payments as of December 31, 2008, are as follows (in thousands):

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	Principal	Interest	Total
2009	\$ 31,000	\$ 8,399	\$ 39,399
2010	39,100	6,444	45,544
2011	42,250	4,331	46,581
2012	25,130	3,075	28,205
2013	36,025	1,273	37,298
2014	23,465	88	23,553
	<u>\$ 196,970</u>	<u>\$ 23,610</u>	<u>\$ 220,580</u>

### Bonds and related agreements

In June 2008, the Company issued \$197.0 million of fixed rate revenue bonds (the Series 2008 Bonds) through the CIEDB, at a premium of \$9.2 million. The proceeds of the issuance were used to refund all variable rate demand bonds outstanding at the time of issuance, fund debt service reserves related to the issued debt, and pay certain debt issuance costs. The remaining proceeds will be used to fund computer hardware and software systems, other facilities and equipment, and other planned capital projects.

The Series 2008 Bonds are supported by a pledge of the Company's revenues and operating reserves. The premium on the bonds is being amortized over the life of the Series 2008 Bonds.

All of the Company's VRDBs were refunded during 2008 with a portion of the proceeds from the Series 2008 Bonds. In connection with this refunding, the related stand by bond purchase agreement and bond insurance were terminated. The Company recognized a loss on refunding related to these bonds of \$1.0 million. The loss is being amortized over the remaining life of the original bonds, which were scheduled to mature at various dates through 2013.

Overall interest expense recorded by the Company related to long-term debt includes the amounts paid on the Bonds, payments and receipts under the Swaps (see Interest rate swap agreements below), bond remarketing costs, bond insurance and liquidity costs and amortization of bond issuance costs.

### Interest rate swap agreements

Concurrent with the issuance of the VRDBs, the Company entered into variable-to-fixed rate interest swaps. The swaps were used to reduce interest rate risk on the Company's debt obligations. The swaps were terminated in connection with the refunding of the bonds in 2008, at an amount that approximated the fair value on the date of termination.

The swaps had a total notional amount of \$137.6 million at December 31, 2007. The fair value of the swaps at December 31, 2007, was a net payable of approximately \$1.4 million and is recorded on the balance sheet as a derivative liability. The change in the fair value of the swaps of \$1.8 million for the year ended December 31, 2007, is included as reductions to interest expense on the statement of income.

### Interest expense

Overall interest expense recorded by the Company related to long-term debt includes interest paid on the bonds, payments and receipts under the swaps, bond remarketing costs, bond insurance and liquidity costs and amortization of bond issuance costs, bond premium and loss on refunding.

## 9. Fair Value of Financial Instruments

As discussed in Note 2, effective for the year ending December 31, 2008, the Company adopted SFAS 157 as it relates to financial assets and liabilities that are being measured and reported at fair value.

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As a means to illustrate the inputs used, FAS 157 establishes a three-tier fair value hierarchy that prioritizes inputs to valuation techniques used for fair value measurements, as follows:

Level 1: Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial assets and liabilities recorded at fair value on a recurring basis are bonds (government, agency and corporate), guaranteed investment contracts (GICs), money market funds, and investments held in employee retirement plan trust accounts. The Company utilizes the market approach to measure fair value for all of these assets, except for the GICs, which uses the income approach. The Company's assets and liabilities measured at fair value on a recurring basis subject to the disclosure requirements of SFAS 157 at December 31, 2008, were as follows (in thousands):

	Total	Level 1	Level 2	Level 3
Bonds	\$ 67,477	\$ -	\$ 67,477	\$ -
Guaranteed investment contracts	20,598	-	-	20,598
Employee retirement plan trust accounts	1,016	1,016	-	-
Money market funds	299,174	299,174	-	-

The bonds, GICs, employee retirement plan trust accounts, and money market funds are components of other investments, other special funds, special deposits, and cash on the balance sheet.

Changes in the value of the fair value measurements that are classified as Level 3 inputs during the year ended December 31, 2008 were as follows (in thousands):

Balance as of January 1, 2008	\$ 34,853
Purchases	19,697
Unrealized gains	901
Sales	(34,853)
Balance as of December 31, 2008	\$ 20,598

The fair value of the Company's long-term debt as of December 31, 2008 and 2007 was \$207.6 million and \$189.7 million, respectively. The fair value of fixed rate long-term debt, which includes the short-term portion, was calculated using a present value method and was based on current market rates. The fair value of variable rate long-term debt, which includes the short-term portion, approximates its cost because the interest rates adjusted on a weekly basis.

The carrying values reported on the balance sheet for current assets and liabilities, excluding amounts discussed above, approximate fair value.

## 10. Employee Benefit Plans

The Company maintains a number of plans for the benefit of its employees. The description of the plans and their

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key provisions is included below. The plans are included in the accumulated provision for pensions and benefits on the balance sheets and consist of the following at December 31 (in thousands):

	2008	2007
Executive pension restoration plan	\$ 666	\$ 722
Post-employment medical benefit plan	13,414	9,272
Supplemental executive retirement plan	509	369
Executive savings plan	350	421
<b>Total employee retirement plan obligations</b>	<b>\$ 14,939</b>	<b>\$ 10,784</b>

### Retirement savings benefits plan

The Company sponsors a defined contribution retirement plan, the California ISO Retirement Savings Benefits Plan (the Retirement Plan), which is subject to the provisions of the Employee Retirement Income Security Act of 1974 and covers substantially all employees of the Company. The Retirement Plan is self-administered and utilizes a third party to assist in the administration of the plan. The assets of the plan are held separately from the assets of the Company and are not combined with the assets on the balance sheet.

Employees may elect to contribute up to 50 percent of their eligible compensation to the Retirement Plan, subject to statutory limitations. The Company makes matching contributions up to the first six percent of employees' eligible compensation and an additional contribution equal to five percent of eligible compensation for employees with less than five years of service, or seven percent for employees who had at least five years but not more than ten years of service. An additional contribution of one percent of eligible compensation is also made by the Company for each increment of five years of service after the employees' tenth year anniversary. All matching contributions are subject to statutory limitations.

Employees' contributions to the Retirement Plan for 2008 and 2007 were \$6.3 million and \$6.5 million, respectively. The Company's contributions to the Retirement Plan for 2008 and 2007 were \$7.1 million and \$6.5 million, respectively.

### Executive pension restoration plan

The Company sponsors the Executive Pension Restoration Plan, a non-qualified defined contribution plan, which allows certain officers of the Company to make contributions in excess of the 401(k) contribution limits set forth by IRS regulations. As defined in the plan document the Company makes matching contributions up to 6 percent of the officers' eligible compensation, as well as retirement contributions of 5 percent of the officers' eligible compensation for officers with less than five years of service, or 7 percent for officers who had at least five years but not more than ten years of service and an additional contribution of 1 percent of eligible compensation is also made by the Company for each increment of five years of service after the officer's tenth year anniversary.

The contributions and earnings thereon are held in a trust and the balances as of December 31, 2008 and 2007, were \$666,000 and \$722,000, respectively and are included in Other Special Funds and with a corresponding liability in Accumulated Provision for Pensions and Benefits. The Company recognized expenses for contributions of \$259,000 and \$244,000 in 2008 and 2007, respectively.

### Post-employment medical benefit plan

*Plan description*

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The Company sponsors the California ISO Retiree Medical Plan, a defined benefit plan, to provide post-employment health care benefits to all employees who retire from the Company on or after attaining age 60 with at least five years of service and to their spouses, domestic partners and eligible dependents. Employees, spouses, domestic partners and eligible dependents who meet these requirements will be entitled to coverage, as provided for under the terms of the plan. Depending on the retirement age and coverage elections made by the beneficiaries, the Company pays a portion (ranging from 60 to 100 percent) of the premiums. There are 20 employees and 8 retirees eligible to receive benefits pursuant to the plan as of December 31, 2008.

*Funding policy*

The Company has established a trust for the purposes of funding the plan. The trust was established as a tax-exempt voluntary employees' beneficiary association. All assets of the trust are to be used for the exclusive benefit of the participants and beneficiaries of the plan. During 2008, the Company began making contributions to the trust. Although the Company has fiscal accountability for these assets and holds them in a fiduciary capacity, the assets are not considered assets of the Company and are therefore not included on the balance sheets of the Company. As of December 31, 2008, the trust assets were \$1.8 million and were comprised mostly of debt securities.

The Company's current funding policy is to annually contribute an amount such that the total amount in the trust approximates the actuarially determined liability attributable to those eligible to receive benefits (the accumulated postretirement benefit obligation). Prior to 2008, the Company's policy was to fund only the current cost of medical premiums for those receiving benefits. The Company's expected contributions to the plan to be paid during 2009 is \$1.9 million.

This plan had the following activity and related accumulated post retirement benefit obligation (APBO) at December 31 (in thousands):

	2008	2007
APBO, beginning of year	\$ 9,520	\$ 8,529
Service cost	1,442	1,379
Interest cost	615	510
Plan participants' contributions	26	21
Actuarial loss/(gain)	3,878	(857)
Benefits paid and other	(254)	(62)
APBO, end of year	15,227	9,520
Less: fair value of plan assets	1,813	-
Funded status and balance sheet liability	\$ 13,414	\$ 9,520

The significant components of the actuarial loss in 2008 were the decrease in the discount rate used in determining the cost of the plan and the increase in the health care cost trend rates. The significant component of the actuarial gain in 2007 is the increase in the discount rate in determining the cost of the plan.

The Company recorded an additional liability in 2008 for the unrecognized net actuarial loss of \$3.8 million, which is presented as accumulated other comprehensive income in the proprietary capital section of the balance sheet, and as a post-retirement medical benefit plan liability in the balance sheet. The Company expects that approximately \$100,000 of the unrecognized net actuarial loss that is recorded as accumulated other comprehensive income at December 31, 2008, will be recognized as a component of net periodic benefit cost in 2009.

The significant assumptions that are considered in the calculation of the APBO include the discount rate applied to the estimated future benefits (6.00% and 6.50% at December 31, 2008 and 2007, respectively) and the estimated

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costs of the medical premiums to be paid on behalf of the plan beneficiaries. Such estimated costs are based on current premium levels increased by estimated health care cost trend rates over the projected term of the benefits. The health care cost trend rate assumptions used to estimate the actuarial liability as of December 31, 2008, were annual increases of 9% for 2009, between 8.43% and 5.57% for 2010 through 2015 and 5% for 2016 and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects (in thousands):

	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on total service and interest cost	\$ 497	\$ (383)
Effect on APBO	3,349	(2,611)

A summary of the plan's postretirement benefit expense for 2008 and 2007 is as follows (in thousands):

	2008	2007
Service cost	\$ 1,442	\$ 1,379
Interest cost	615	510
Prior service cost amortization	71	134
Net loss/ (gain) amortization	-	16
Net periodic benefit cost	\$ 2,128	\$ 2,039

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in connection with the plan as of December 31, 2008 (in thousands):

2009	\$ 132
2010	170
2011	232
2012	330
2013	432
2014 - 2018	4,030

#### Supplemental executive retirement plan

The Company sponsors the California ISO Supplemental Executive Retirement Plan (SERP Plan), a non-qualified defined benefit plan intended to provide selected executives of the Company with target retirement benefits based upon an executive's average earnings for the three consecutive years in the last five years of service that compensation was the highest and total number of years of service with the Company. The target benefit is to be offset by other retirement benefits, including those provided by the Company, and by any distributions from this plan made to pay the beneficiary's share of federal, state and local taxes.

The activity and related obligations associated with the plan during 2008 and 2007 is as follows (in thousands):

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	2008	2007
Obligation, beginning of year	\$ 369	\$ 225
Current period actuarially determined cost	140	144
Obligation, end of year	\$ 509	\$ 369

The Company recognized expenses of \$140,000 and \$144,000 in 2008 and 2007, respectively in connection with this plan. The plan is unfunded.

### Executive savings plan

The Company sponsors the Executive Savings Plan, a non-qualified defined contribution plan under section 457(b) of the IRS Code. The Company contributes a percentage of each officer's annual base compensation to the plan. Officers may elect to make voluntary contributions, subject to statutory limitations. The contributions and earnings thereon are held in a trust and the balance as of December 31, 2008 and 2007 was \$350,000 and \$421,000, respectively and is included in Other Special Funds and with a corresponding liability in Accumulated Provision for Pensions and Benefits. The officers' contribution to the Executive Savings Plan for 2008 and 2007 was \$3,000 and \$8,000, respectively. The Company recognized expenses of \$92,000 and \$98,000 in 2008 and 2007, respectively, in connection with this plan.

## 11. Lease and Contract Commitments

The Company has long-term operating leases and service contracts expiring at various dates through 2013, providing telecommunication equipment and services, information system equipment and services, systems infrastructure and office facilities of the Company. The following are the future minimum payments under these agreements (in thousands):

2009	\$ 12,197
2010	12,101
2011	11,840
2012	10,827
2013	5,181
	\$ 52,146

Lease and service contract costs of approximately \$12.8 million and \$12.7 million were charged to operating expenses in 2008 and 2007, respectively

## 12. Contingencies and Settlements

### GMC

The Company's GMC rates are subject to FERC regulation. Since commencement of operations in 1998, the rates and methodologies have been the subject of challenge by various market participants in proceedings before FERC. Each year FERC has accepted the GMC rates subject to potential refunds that may be determined through subsequent FERC proceedings. As of December 31, 2008, all of the Company's GMC rates are final and are not subject to further refund for any period except 2001, as described below.

In 2001, the Company's GMC was unbundled into three service categories, with separate billing determinants based on load, congestion and market-related activity. In January 2004, FERC ruled on the 2001 rate filing. The ruling provided a refund to 2001 ratepayers of \$1.8 million, plus interest. At December 31, 2008 and 2007, accrued interest

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payable related to the refund totaled \$0.9 million and \$0.8 million, respectively. FERC further ruled that certain transactions for 2001 through 2003 be afforded limited exemptions from parts of the GMC. In response, the Company filed a method to reallocate approximately \$5.9 million plus interest among ratepayers. This reallocation will have no financial impact on the Company. In November 2005, FERC affirmed its previous decisions, but ordered the Company to file revised data. In February 2007, the Company filed revised data. FERC approved the revised filing in October 2008. In response to a subsequent request for clarification, FERC has directed the Company to submit an informational status report on June 30, 2009, if it has not filed its refund report by that date. At December 31, 2008 and 2007, total GMC refunds, including interest, of \$2.7 million and \$2.6 million, respectively, are included in deferred credits in the accompanying balance sheets.

In connection with a settlement with SDG&E regarding GMC transactions on certain shared ownership facilities between 2001 through 2004, SDG&E paid the Company \$7.1 million including interest, through GMC adjustments to regular invoices in March and April 2007. The amount is included in operating revenues in the statement of income for 2007.

### The FERC Refund Case

In 2000 and 2001, the California energy markets, including those managed by the Company, experienced high prices, shortages of energy and reserves, rolling blackouts and liquidity problems for many market participants. Several of them, including the Cal PX, filed for bankruptcy.

In 2003, FERC ordered mitigation of the market clearing prices in the markets administered by the Company and Cal PX for the period from October 2, 2000 through June 20, 2001 (the FERC Refund Case). In 2004, the Company completed a preparatory rerun to correct baseline data and applied mitigated prices to the revised baseline information to arrive at further adjustments to financial transactions settled in 2000 and 2001. In 2007, the Company completed calculations that applied claims by suppliers to certain FERC approved offsets against the refunds for the costs of natural gas, emissions permits and overall entity revenue shortfalls. The Company and Cal PX will calculate interest and then make compliance filings to reflect all of the calculations as well as the separate settlements reached by several of the Company's market participants that have been filed, approved by FERC, and funded. Proceedings continue at FERC and at the U.S. Court of Appeals about the details of these and other calculations.

Except for any effects on generator noncompliance fines described in Note 7, the Company believes the outcome of these refund proceedings will not have an impact on the Company as the refunded amounts will be resettled among market participants.

### Market billing disputes in good faith negotiations

As part of the tariff and applicable contracts, the Company has a dispute resolution process for market participants, RMR owners and transmission owners to register disagreements as to information in the settlement statements or billing amounts for market and RMR activity. In accordance with the provisions of the tariff, once good faith efforts, known as a GFN, have been made to negotiate and resolve disputes, written claims may be submitted either to mediation or arbitration. At December 31, 2008, there are four disputes in GFN that total approximately \$9.8 million which represents disagreements with the Company's financial settlement of market transactions and related tariff interpretations.

Other disputes, some of which are material in amount, have been filed with the Company. Management believes that any settlements or market adjustments relating to these disputes and the matters in GFN would be resettled against the market with no liability to the Company.

There is one material unresolved market-related dispute outstanding at December 31, 2008, for which it is possible that the claim might not be fully resettled against market participants and, as such, could result in material liability to the Company as described below.

The Company has an obligation to procure ancillary services necessary to maintain the reliability of the California grid consistent with applicable reliability criteria and to fulfill its responsibilities as a balancing authority. Following GFN, Pacific Gas and Electric Company (PG&E) filed a claim against the Company concerning charges for ancillary

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services procured by the Company in connection with transactions scheduled on the California Oregon Transmission Project. PG&E is seeking reimbursement from the Company for amounts paid for ancillary services and related costs during the period from April 1998 to April 1999 totaling \$14.3 million plus interest. In December 2001, an arbitrator issued a ruling in favor of PG&E and after motions for rehearing and clarifications, FERC affirmed this decision. Although the Company has appealed FERC's decision, that appeal is stayed pending efforts to implement the award. In discussions with PG&E about how to bill the award, PG&E has objected to the charges that the Company intends to use. The Company and PG&E are continuing to discuss these issues. Once resolved, the Company intends to invoice market participants with corresponding charges or credits during the periods being disputed with no liability to the Company.

**Indemnifications**

The Company's by-laws require its annual financial statements to include disclosures about certain payments made by the Company, related to indemnifications, to or on behalf of officers and Board members. There were no such payments in 2008 and 2007.

**Other matters**

The Company, during the ordinary course of its operations, has been involved in various lawsuits and claims, several of which are still pending. Management and legal counsel are of the opinion that there are no other material loss contingencies that would have a material adverse impact on the financial position of the Company, except as disclosed within the notes to these financial statements.



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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps  (f)	Other Cash Flow Hedges [Specify]  (g)	Totals for each category of items recorded in Account 219  (h)	Net Income (Carried Forward from Page 117, Line 78)  (i)	Total Comprehensive Income  (j)
1					
2					
3					
4					
5					
6					
7					
8			3,878,338		
9			3,878,338		3,878,338
10			3,878,338		

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	262,918,482	262,918,482
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified		
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	262,918,482	262,918,482
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	223,180,128	223,180,128
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	486,098,610	486,098,610
14	Accum Prov for Depr, Amort, & Depl	228,845,943	228,845,943
15	Net Utility Plant (13 less 14)	257,252,667	257,252,667
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	228,845,943	228,845,943
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant		
22	Total In Service (18 thru 21)	228,845,943	228,845,943
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	228,845,943	228,845,943

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
					3
					4
					5
					6
					7
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					9
					10
					11
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					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
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					26
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					33

**ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)**

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant	37,083,323	1,443,955
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	37,083,323	1,443,955
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)		

**ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)**

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
8,146,658			30,380,620		4
8,146,658			30,380,620		5
					6
					7
					8
					9
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					46

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights		
49	(352) Structures and Improvements		
50	(353) Station Equipment		
51	(354) Towers and Fixtures		
52	(355) Poles and Fixtures		
53	(356) Overhead Conductors and Devices		
54	(357) Underground Conduit		
55	(358) Underground Conductors and Devices		
56	(359) Roads and Trails		
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)		
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights		
61	(361) Structures and Improvements		
62	(362) Station Equipment		
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures		
65	(365) Overhead Conductors and Devices		
66	(366) Underground Conduit		
67	(367) Underground Conductors and Devices		
68	(368) Line Transformers		
69	(369) Services		
70	(370) Meters		
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems		
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)		
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware	7,923,964	1,605,608
80	(383) Computer Software	172,843,499	3,854,491
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)	180,767,463	5,460,099
85	6. GENERAL PLANT		
86	(389) Land and Land Rights		
87	(390) Structures and Improvements	15,259,409	1,666,279
88	(391) Office Furniture and Equipment	10,472,435	332,397
89	(392) Transportation Equipment	253,390	74,992
90	(393) Stores Equipment		
91	(394) Tools, Shop and Garage Equipment		
92	(395) Laboratory Equipment		
93	(396) Power Operated Equipment		
94	(397) Communication Equipment	3,226,921	509,190
95	(398) Miscellaneous Equipment		
96	SUBTOTAL (Enter Total of lines 86 thru 95)	29,212,155	2,582,858
97	(399) Other Tangible Property	14,565,807	4,495,381
98	(399.1) Asset Retirement Costs for General Plant		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	43,777,962	7,078,239
100	TOTAL (Accounts 101 and 106)	261,628,748	13,982,293
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	261,628,748	13,982,293

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				47
				48
				49
				50
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				76
				77
				78
383,631			9,145,941	79
1,037,532			175,660,458	80
				81
				82
				83
1,421,163			184,806,399	84
				85
				86
			16,925,688	87
598,660			10,206,172	88
95,956			232,426	89
				90
				91
				92
				93
5,605			3,730,506	94
				95
700,221			31,094,792	96
2,424,517			16,636,671	97
				98
3,124,738			47,731,463	99
12,692,559			262,918,482	100
				101
				102
				103
12,692,559			262,918,482	104

**CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)**

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	MRTU Capitalized Interest	9,673,667
2	Internal Development Costs	34,401,670
3	Enterprise Data Repository	640,250
4	2008 Market Monitoring	355,261
5	Probe Software	165,370
6	eBusiness Modular Implementatio	324,271
7	BPM Change Management	124,069
8	Payment Acceleration	46,344
9	RIMS Enhancements	82,950
10	NERC/CIP Network Redesign	1,311,117
11	Master File Web Interface	191,035
12	Master File Phase 2	958,518
13	MD02 Master Project	15,991,005
14	MRTU Testing	24,698,764
15	MD02 Roll Out	13,500
16	MD02 Training	600,970
17	MD02 Cut Over	5,890,027
18	MRTU Readiness	276,567
19	MD02 Phase 2	34,622,725
20	MD02 Market Systems	149,196
21	MD02 CRR	11,513
22	MD02 Load Forecasting	191,380
23	MD02 FNM	372,576
24	MD02 Real Time Nodal - RTN	60,510
25	MRTU Legacy Systems	6,469,300
26	MRTU Market Quality System	5,265,326
27	MRTU MDS	348,320
28	MD02 Settlement & Mkt Clearing	19,790,722
29	MD02 DMA Applications	120,948
30	MRTU Hardware & Software Purchases	8,193,697
31	MRTU Business Architecture	489,388
32	MD02 Integration	13,310,528
33	MD02 Infrastructure Config.	2,738,785
34	MRTU PTR	2,349,257
35	MD02 Master File	2,387,764
36	MD02 Portal	1,247,781
37	MRTU SIBR	10,562,503
38	MD02 Enterprise Architecture	1,520,026
39	MRTU Certification Project	886,439
40	E-Terra V 2.3 Upgrade	224,738
41	New Folsom Facility	9,380,150
42	Folsom Reliability Upgrade	817,451
43	TOTAL	223,180,128

**CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)**

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	New Building	1,898,437
2	Iron Point Phase 2	4,024,195
3	2008 Furniture & Leasehold	1,118
4		
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42		
43	TOTAL	223,180,128

**ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)**

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

**Section A. Balances and Changes During Year**

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	228,568,378	228,568,378		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	12,822,077	12,822,077		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	12,822,077	12,822,077		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	12,544,512	12,544,512		
13	Cost of Removal				
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	12,544,512	12,544,512		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	228,845,943	228,845,943		

**Section B. Balances at End of Year According to Functional Classification**

20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission				
26	Distribution				
27	Regional Transmission and Market Operation	169,888,974	169,888,974		
28	General	58,956,969	58,956,969		
29	TOTAL (Enter Total of lines 20 thru 28)	228,845,943	228,845,943		

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	Account 221 - Bonds		
2			
3	CIEDB Var Rate Revenue Bonds, 2000 Series A	116,200,000	
4			
5	CIEDB Var Rate Revenue Bonds, 2000 Series B	70,400,000	
6			
7	CIEDB Var Rate Revenue Bonds, 2000 Series C	106,400,000	
8			
9	CIEDB Var Rate Revenue Bonds, 2004 Series A	84,100,000	
10			
11	CIEDB Var Rate Revenue Bonds, 2004 Series B	40,000,000	
12			
13	CIEDB Var Rate Revenue Bonds. 2007 Series A	30,000,000	
14			
15	CIEDB Var Rate Revenue Bonds, 2007 Series B	30,000,000	
16			
17	CIEDB Fixed Rate Revenue Bonds, 2008 Series A	196,970,000	9,188,489
18			
19			
20			
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23			
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31			
32			
33	TOTAL	674,070,000	9,188,489

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

- 10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
- 11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
- 12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
- 13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
- 14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
- 15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
- 16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
04-13-00	04-01-09	04-13-00	04-01-09			3
						4
04-13-00	04-01-09	04-13-00	04-01-09			5
						6
04-13-00	04-01-09	04-13-00	04-01-09		202,913	7
						8
12-16-04	02-01-10	12-16-04	02-01-10			9
						10
12-16-04	02-01-10	12-16-04	02-01-10		1,951,630	11
						12
03-28-07	02-01-13	04-05-07	02-01-13			13
						14
03-28-07	02-01-13	04-05-07	02-01-13		2,465,697	15
						16
06-04-08	02-01-14	06-19-08	02-01-14	196,970,000	3,914,361	17
						18
						19
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						32
				196,970,000	8,534,601	33

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Property Taxes					
2						
3	FICA	127,146		2,904,200	2,901,002	
4						
5	Medicare	50,484		1,021,949	1,072,433	
6						
7	California Unemployment Tax	9,349		236,428	154,596	
8						
9	Use Tax					
10						
11	Environmental & Other					
12						
13						
14						
15						
16						
17						
18						
19						
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38						
39						
40						
41	TOTAL	186,979		4,162,577	4,128,031	

**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
						2
130,344						3
						4
						5
						6
91,181						7
						8
						9
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						35
						36
						37
						38
						39
						40
221,525						41

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$10,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1						
2						
3	Fines Subject to Refund	52,002,850			4,681,969	56,684,819
4						
5	Refund Obligation	2,557,400			158,748	2,716,148
6						
7	ISO MID Trust					
8						
9	Unearned Revenue	4			3,454	3,458
10						
11	Advances for Leasehold	1,486,944		128,451		1,358,493
12						
13						
14						
15						
16						
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44						
45						
46						
47	TOTAL	56,047,198		128,451	4,844,171	60,762,918

**ELECTRIC OPERATING REVENUES (Account 400)**

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales		
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)		
5	Large (or Ind.) (See Instr. 4)		
6	(444) Public Street and Highway Lighting		
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers		
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity		
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds		
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues		
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property		
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues		
22	(456.1) Revenues from Transmission of Electricity of Others		
23	(457.1) Regional Control Service Revenues	194,841,109	194,830,853
24	(457.2) Miscellaneous Revenues	5,902,801	5,794,715
25			
26	TOTAL Other Operating Revenues	200,743,910	200,625,568
27	TOTAL Electric Operating Revenues	200,743,910	200,625,568

**ELECTRIC OPERATING REVENUES (Account 400)**

5. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
6. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
7. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
8. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
				2
				3
				4
				5
				6
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				12
				13
				14

Line 12, column (b) includes \$ 0 of unbilled revenues.  
 Line 12, column (d) includes 0 MWH relating to unbilled revenues

**ELECTRIC OPERATION AND MAINTENANCE EXPENSES**

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)		
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		



**ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)**

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	<b>3. REGIONAL MARKET EXPENSES</b>		
114	Operation		
115	(575.1) Operation Supervision	4,843,101	5,865,435
116	(575.2) Day-Ahead and Real-Time Market Facilitation	8,294,554	8,551,817
117	(575.3) Transmission Rights Market Facilitation	776,451	703,647
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation	1,382,730	1,269,557
120	(575.6) Market Monitoring and Compliance	1,921,572	2,768,696
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents	1,123,445	1,009,123
123	Total Operation (Lines 115 thru 122)	18,341,853	20,168,275
124	<b>Maintenance</b>		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware	178,800	177,253
127	(576.3) Maintenance of Computer Software	1,071,886	1,340,432
128	(576.4) Maintenance of Communication Equipment	2,641,505	196,702
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)	3,892,191	1,714,387
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	22,234,044	21,882,662
132	<b>4. DISTRIBUTION EXPENSES</b>		
133	Operation		
134	(580) Operation Supervision and Engineering		
135	(581) Load Dispatching		
136	(582) Station Expenses		
137	(583) Overhead Line Expenses		
138	(584) Underground Line Expenses		
139	(585) Street Lighting and Signal System Expenses		
140	(586) Meter Expenses		
141	(587) Customer Installations Expenses		
142	(588) Miscellaneous Expenses		
143	(589) Rents		
144	TOTAL Operation (Enter Total of lines 134 thru 143)		
145	<b>Maintenance</b>		
146	(590) Maintenance Supervision and Engineering		
147	(591) Maintenance of Structures		
148	(592) Maintenance of Station Equipment		
149	(593) Maintenance of Overhead Lines		
150	(594) Maintenance of Underground Lines		
151	(595) Maintenance of Line Transformers		
152	(596) Maintenance of Street Lighting and Signal Systems		
153	(597) Maintenance of Meters		
154	(598) Maintenance of Miscellaneous Distribution Plant		
155	TOTAL Maintenance (Total of lines 146 thru 154)		
156	TOTAL Distribution Expenses (Total of lines 144 and 155)		
157	<b>5. CUSTOMER ACCOUNTS EXPENSES</b>		
158	Operation		
159	(901) Supervision	748,155	71,382
160	(902) Meter Reading Expenses	1,382,924	1,301,041
161	(903) Customer Records and Collection Expenses	4,243,045	4,248,988
162	(904) Uncollectible Accounts		
163	(905) Miscellaneous Customer Accounts Expenses	250,592	1,074
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	6,624,716	5,622,485

**ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)**

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	<b>6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	4,000,350	3,537,225
169	(909) Informational and Instructional Expenses		
170	(910) Miscellaneous Customer Service and Informational Expenses		
171	<b>TOTAL Customer Service and Information Expenses (Total 167 thru 170)</b>	<b>4,000,350</b>	<b>3,537,225</b>
172	<b>7. SALES EXPENSES</b>		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	<b>TOTAL Sales Expenses (Enter Total of lines 174 thru 177)</b>		
179	<b>8. ADMINISTRATIVE AND GENERAL EXPENSES</b>		
180	Operation		
181	(920) Administrative and General Salaries	32,110,278	30,023,602
182	(921) Office Supplies and Expenses	5,730,275	4,147,884
183	(Less) (922) Administrative Expenses Transferred-Credit		
184	(923) Outside Services Employed	9,048,620	10,350,503
185	(924) Property Insurance	1,840,980	1,934,239
186	(925) Injuries and Damages	-185,824	-227,232
187	(926) Employee Pensions and Benefits		
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	3,443,828	3,577,674
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	30,082	24,175
192	(930.2) Miscellaneous General Expenses	305,032	280,857
193	(931) Rents	10,314,592	13,819,390
194	<b>TOTAL Operation (Enter Total of lines 181 thru 193)</b>	<b>62,637,863</b>	<b>63,931,092</b>
195	Maintenance		
196	(935) Maintenance of General Plant	10,777,359	6,884,722
197	<b>TOTAL Administrative &amp; General Expenses (Total of lines 194 and 196)</b>	<b>73,415,222</b>	<b>70,815,814</b>
198	<b>TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)</b>	<b>148,004,681</b>	<b>138,496,978</b>

**TRANSMISSION OF ELECTRICITY BY ISO/RTOs**

1. Report in Column (a) the Transmission Owner receiving revenue for the transmission of electricity by the ISO/RTO.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in Column (a).
3. In Column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO – Firm Network Service for Others, FNS – Firm Network Transmission Service for Self, LFP – Long-Term Firm Point-to-Point Transmission Service, OLF – Other Long-Term Firm Transmission Service, SFP – Short-Term Firm Point-to-Point Transmission Reservation, NF – Non-Firm Transmission Service, OS – Other Transmission Service and AD- Out-of-Period Adjustments. Use this code for any accounting adjustments or “true-ups” for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.
4. In column (c) identify the FERC Rate Schedule or tariff Number, on separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (b) was provided.
5. In column (d) report the revenue amounts as shown on bills or vouchers.
6. Report in column (e) the total revenues distributed to the entity listed in column (a).

Line No.	Payment Received by (Transmission Owner Name) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Total Revenue by Rate Schedule or Tariff (d)	Total Revenue (e)
1	San Diego Gas & Electric Co.	FNO	Charge Type 204 - DA	( 956,042)	
2	San Diego Gas & Electric Co.	FNO	Charge Type 254 - HA	( 6,817)	
3	San Diego Gas & Electric Co.	FNO	Charge Type 374 - HV	( 25,143,033)	
4	San Diego Gas & Electric Co.	FNO	Charge Type 384 - HV	( 398,907)	
5	San Diego Gas & Electric Co.				( 26,504,798)
6	Southern California Edison Co.	FNO	Charge Type 204 - DA	( 2,050,865)	
7	Southern California Edison Co.	FNO	Charge Type 254 - HA	( 80,610)	
8	Southern California Edison Co.	FNO	Charge Type 374 - HV	( 61,942,144)	
9	Southern California Edison Co.	FNO	Charge Type 384 - HV	( 4,827,490)	
10	Southern California Edison Co.	FNO	Charge Type 385 - LV	( 19,740)	
11	Southern California Edison Co.				( 68,920,849)
12	Pacific Gas & Electric Company	FNO	Charge Type 204 - DA	( 794,029)	
13	Pacific Gas & Electric Company	FNO	Charge Type 254 - HA	( 44,274)	
14	Pacific Gas & Electric Company	FNO	Charge Type 374 - HV	( 83,428,375)	
15	Pacific Gas & Electric Company	FNO	Charge Type 384 - HV	( 9,880,843)	
16	Pacific Gas & Electric Company	FNO	Charge Type 385 - LV	( 5,189,248)	
17	Pacific Gas & Electric Company				( 99,336,769)
18	City of Azusa - PTO	FNO	Charge Type 374 - HV	( 266,558)	
19	City of Azusa - PTO	FNO	Charge Type 384 - HV	( 4,590)	
20	City of Azusa - PTO				( 271,148)
21	City of Banning - PTO	FNO	Charge Type 374 - HV	( 204,923)	
22	City of Banning - PTO	FNO	Charge Type 384 - HV	( 3,796)	
23	City of Banning - PTO				( 208,719)
24	City of Anaheim - PTO	FNO	Charge Type 374 - HV	( 5,013,853)	
25	City of Anaheim - PTO	FNO	Charge Type 384 - HV	( 151,881)	
26	City of Anaheim - PTO				( 5,165,733)
27	City of Vernon - PTO	FNO	Charge Type 374 - HV	169,219	
28	City of Vernon - PTO	FNO	Charge Type 384 - HV	2,661	
29	City of Vernon - PTO				171,880
30	City of Riverside - PTO	FNO	Charge Type 374 - HV	( 3,978,008)	
31	City of Riverside - PTO	FNO	Charge Type 384 - HV	( 105,904)	
32	City of Riverside - PTO				( 4,083,911)
33	City of Pasadena - PTO	FNO	Charge Type 374 - HV	( 2,156,597)	
34	City of Pasadena - PTO	FNO	Charge Type 384 - HV	( 61,079)	
35	City of Pasadena - PTO				( 2,217,676)
36	Western Area Power Admin. - PTO	FNO	Charge Type 204 - DA	( 32,627)	
37	Western Area Power Admin. - PTO	FNO	Charge Type 254 - HA	( 461)	
38	Western Area Power Admin. - PTO	FNO	Charge Type 254 - HA		( 33,088)
39					
40	<b>TOTAL</b>			( 206,570,814)	( 206,570,811)

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000	
6	Bank Service Fees	62,450
7	Board of Directors Fees and Expenses	242,582
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46	TOTAL	305,032

**DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)**  
(Except amortization of acquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403); (c) Depreciation Expense for Asset Retirement Costs (Account 403.1); (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).

2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.

3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.

Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.

In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.

For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.

4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

**A. Summary of Depreciation and Amortization Charges**

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant	2,223,645				2,223,645
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant					
7	Transmission Plant					
8	Distribution Plant					
9	Regional Transmission and Market Operation	4,939,443				4,939,443
10	General Plant	5,658,989				5,658,989
11	Common Plant-Electric					
12	<b>TOTAL</b>	<b>12,822,077</b>				<b>12,822,077</b>

**B. Basis for Amortization Charges**

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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	Intangible Plant :						
13	# 303	37,083	3.00		33.30		1.00
14							
15							
16	General Plant:						
17	# 390	15,259	10.00		10.00		6.00
18	# 391	10,472	10.00		10.00		7.00
19	# 397	3,227	10.00		10.00		9.00
20	# 399	14,819	3.00		33.30		1.00
21							
22	Regional Transmission:						2.00
23	#382	7,925					2.00
24	#383	172,844					
25							
26							
27							
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REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	FERC Hearings		3,443,828	3,443,828	
2					
3					
4					
5					
6					
7					
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46	TOTAL		3,443,828	3,443,828	

REGULATORY COMMISSION EXPENSES (Continued)

- 3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
- 4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
- 5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR				
CURRENTLY CHARGED TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	Line No.
Department (f)	Account No. (g)	Amount (h)					
							1
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DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru 47)			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	91,138,211		91,138,211
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant			
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)			
72	Plant Removal (By Utility Departments)			
73	Electric Plant			
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)			
77	Other Accounts (Specify, provide details in footnote):			
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89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts			
96	TOTAL SALARIES AND WAGES	91,138,211		91,138,211

MONTHLY ISO/RTO TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the Respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.  
 (2) Report on Column (b) by month the transmission system's peak load.  
 (3) Report on Column (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).  
 (4) Report on Columns (e) through (i) by month the system's transmission usage by classification. Amounts reported as Through and Out Service in Column (g) are to be excluded from those amounts reported in Columns (e) and (f).  
 (5) Amounts reported in Column (j) for Total Usage is the sum of Columns (h) and (i).

NAME OF SYSTEM: SS\_INTERTIE\_RT\_FLOW\_DATA

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Imports into ISO/RTO (e)	Exports from ISO/RTO (f)	Through and Out Service (g)	Network Service Usage (h)	Point-to-Point Service Usage (i)	Total Usage (j)
1	January	33,058	24	1800	-6,535,690	1,239,326	327,780			-4,968,584
2	February	31,899	4	1800	-6,303,027	941,183	305,527			-5,056,316
3	March	30,049	5	1900	-6,416,955	869,976	325,647			-5,221,333
4	Total for Quarter 1	95,006			-19,255,672	3,050,485	958,954			-15,246,233
5	April	35,855	28	1500	-6,189,447	864,437	415,840			-4,909,170
6	May	41,473	16	1600	-7,788,601	1,094,484	361,386			-6,332,731
7	June	46,814	20	1600	-8,738,384	1,299,104	369,332			-7,069,948
8	Total for Quarter 2	124,142			-22,716,432	3,258,025	1,146,558			-18,311,849
9	July	44,622	8	1500	-8,929,974	1,488,661	370,481			-7,070,833
10	August	44,511	29	1500	-8,094,892	1,319,382	350,374			-6,425,136
11	September	44,185	5	1600	-7,511,222	1,030,964	315,118			-6,165,140
12	Total for Quarter 3	133,318			-24,536,088	3,839,007	1,035,973			-19,661,109
13	October	41,618	1	1500	-7,084,205	832,563	397,239			-5,854,403
14	November	32,085	17	1700	-6,436,541	1,084,598	317,227			-5,034,716
15	December	34,045	17	1800	-6,536,750	1,453,149	361,239			-4,722,362
16	Total for Quarter 4	107,748			-20,057,496	3,370,310	1,075,705			-15,611,481
17	Total Year to Date/Year	460,214			-86,565,688	13,517,827	4,217,190			-68,830,672

Name of Respondent  
California Independent System Operator Corporation

This Report Is:  
(1)  An Original  
(2)  A Resubmission

Date of Report  
(Mo, Da, Yr)  
05/22/2009

Year/Period of Report  
End of 2008/Q4

ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	
3	Steam		23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	
7	Other		27	Total Energy Losses	
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	
9	Net Generation (Enter Total of lines 3 through 8)				
10	Purchases				
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)				

Name of Respondent California Independent System Operator Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/22/2009	Year/Period of Report End of <u>2008/Q4</u>
--------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------	----------------------------------------------	------------------------------------------------

**MONTHLY PEAKS AND OUTPUT**

- (1) Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
- (2) Report on line 2 by month the system's output in Megawatt hours for each month.
- (3) Report on line 3 by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
- (4) Report on line 4 by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
- (5) Report on lines 5 and 6 the specified information for each monthly peak load reported on line 4.

NAME OF SYSTEM: SS\_BA\_ZONAL\_MEAS\_SUMS, GEN\_SUMS and SS\_INTERTIE\_RT\_FLOW\_DATA

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	19,540,455		33,058	24	1800
30	February	17,605,719		31,899	4	1800
31	March	18,488,295		30,049	5	1900
32	April	18,756,276		35,855	28	1500
33	May	20,078,457		41,473	16	1600
34	June	21,599,015		46,814	20	1600
35	July	23,593,057		44,622	8	1500
36	August	23,844,502		44,511	29	1500
37	September	21,486,346		44,185	5	1600
38	October	19,983,065		41,618	1	1500
39	November	17,945,286		32,085	17	1700
40	December	19,057,181		34,045	17	1800
41	TOTAL	241,977,654				