

The following are my personal suggestions to improve the Model the CAISO presented on October 14, 2013.

I understand what the CAISO has done, It is a reasonable first step.

I printed out the entire workbook and that is how I got the page numbers I am referring to.

- Update model for all PTO's
- Add a sheet for INPUTS by PTO stating the latest FERC Dockets that establishes:
  - HV Base TRR,
  - TRBAA
  - Identifying if the PTO HV Base TRR is based on a "Transmission Formula" accepted by FERC or a Section 35.13 filing "Stated Rate" with a Period I & II Statements
  - For each PTO that has a Transmission Formula, please identify the ROE used and Composite Transmission Depreciation rate.
- An ROE of 12.00% is to high.
  - Please identify the Base ROE using FERC DCF Method (Median) and indicate that the PTO is added 50 basis point for CAISO participation.
- If a PTO receives FERC Incentive treatment for "new Transmission projects" add a footnote identifying which incentives they got: (Abandoned Plant, Accelerated Depreciation, CWIP).
- Starting at page 4 line 81 and continuing on to the next page, please recognize that the CAISO's approach to ratio for PTO for O&M is not going to be consistent with a PTO "Black-Box" settlement under a Section 35.13 filing "Stated Rate" with a Period I & II Statements. For example, PG&E's TO14 Period II is forecasted CY 2013 TRR, but now in PG&E's TO-15 filing Period I is Recorded Adjusted CY 2013. The Transmission O&M dollars in the forecast do not match the Recorded Adjusted 2013 Transmission O&M. This same comment would apply to Rate Base, Amortization.

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