

July 12, 2013

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: California Independent System Operator Corporation  
Docket No. ES13-29-\_\_\_\_  
Filing of Supplemental Information Relating to 204  
Application**

On June 13, 2013, the California Independent System Operator Corporation (“ISO”) filed in this proceeding an application under Section 204 of the Federal Power Act for a Commission order authorizing the ISO to issue bonds in an amount not to exceed \$210 million. The June 13 application included Exhibits A and C through G, as required pursuant to Section 34.4 of the Commission’s regulations.<sup>1</sup> With respect to Exhibit B, the ISO provided a placeholder exhibit pending approval of the proposed bond issuance by the ISO’s Board of Governors, which occurred on July 11. Attached to this filing is an updated Exhibit B consisting of the Board of Governors resolution approving the issuance.

In addition to Exhibit B, the ISO is including with this filing revised versions of Exhibits C through E and Exhibit G. The revisions to these exhibits have been prepared pursuant to requests from Commission Staff for additional information.

The ISO continues to request that the Commission issue an order on the June 13 application, as supplemented by the information provided in this filing, by no later than August 2, 2013. Also, if the Commission should issue a notice of filing regarding this filing, the ISO requests that the Commission establish an expedited comment date of no more than ten days.<sup>2</sup>

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<sup>1</sup> 18 C.F.R. Section 34.4.

<sup>2</sup> No entity protested or filed comments on the June 13 application, for which the due date for comments has passed. Therefore, the ISO does not anticipate that any comments will be submitted regarding this filing of supplemental information.

**I. Supplemental Information**

**A. Provision of Exhibit B Indicating ISO Board of Governor Approval of Proposed Bond Issuance**

Section 34.4 of the Commission's regulations require Section 204 applications to include, as Exhibit B, "a copy of all resolutions of the applicant's directors authorizing the issuance of securities for which the application is made; and copies of the resolution of the stockholders approving such issuance if approval of the stockholders has been obtained." In the June 13 application, the ISO explained that it was including a placeholder Exhibit B because the ISO's Board of Governors ("Board") would not decide on the proposed bond issuance until its July 11-12, 2013 meeting. The ISO stated that after this meeting it would file with the Commission as an updated version of Exhibit B the record of the Board's approval.<sup>3</sup> The Board approved the proposed issuance on July 11, and the record thereof is attached to this filing.

**B. Revised Exhibits Provided In Response to Requests from Commission Staff**

On July 11, 2013, Commission Staff contacted the ISO by telephone to request supplemental information regarding the June 13 application. In the June 13 filing, the ISO estimated, based on prevailing market conditions, that it would issue the proposed bonds at a 3.9% interest rate. Commission Staff requested that the ISO provide the maximum interest rate at which the ISO would issue bonds pursuant to the June 13 filing. Based on discussions with its underwriters, the ISO has determined that the maximum interest rate that it would continue with the proposed issuance would be 4.752%.<sup>4</sup>

Commission Staff also requested that the ISO update the projected *pro forma* data provided in Exhibits C through E to the June 13 application, as well as the indicative bond numbers provided in Exhibit G to the application, by changing two inputs to these exhibits. First, the ISO was asked to revise these exhibits to reflect the maximum interest rate at which the ISO would issue the proposed bonds (which, as explained above, is 4.752%). Second, the ISO was asked to revise these exhibits to reflect the maximum bond issuance amount (\$210 million) indicated in the June 13 filing instead of the actual bond issuance amount the ISO projected based on its underwriters' calculations (\$204,953,611).

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<sup>3</sup> June 13 application at 10-11.

<sup>4</sup> *Id.* at 8. An increase in the interest rate would reduce the savings that the ISO would realize via lower debt service costs for the 2009 bonds. Nevertheless, at a 4.752% rate, the ISO would still realize approximately \$9.5 million in debt service savings.

The ISO has revised Exhibits C through E and Exhibit G as requested by Commission Staff. The updated exhibits are attached to this filing.

**C. Request for August 2 Action Date and Request for Expedited Comment Period**

In the June 13 application, the ISO requested that the Commission issue an order authorizing the ISO's proposed bond issuance by August 2, 2013. The ISO explained that a ruling by this date would allow an issuance within the first two weeks of August 2013, which will minimize the risks of interest rate increases, and allow the ISO to avoid the seasonal slowdown in the bond market that generally occurs at the end of August. This reasoning still applies. Moreover, the information provided herein does not significantly alter the substance or the merits of the ISO's application. Therefore, the ISO respectfully reiterates its request for an August 2 order approving the June 13 application.

Additionally, if the Commission determines that this filing merits a new comment period, the ISO respectfully requests that the Commission establish an expedited comment period of no greater than 10 days. An expedited comment period is reasonable for all of the reasons provided in the previous paragraph. Moreover, no protests or comments were filed on the ISO's June 13 application. Therefore, no parties would be prejudiced by adopting an expedited comment period.

**II. Conclusion**

For the reasons explained above, the ISO requests that the Commission accept the supplemental information provided in this filing and issue an order accepting the June 13 application, as supplemented by this filing, no later than August 2, 2013. The ISO also requests that the Commission adopt a shortened comment period on this filing of no more than 10 days.

The Honorable Kimberly D. Bose  
July 12, 2013  
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Respectfully submitted,

/s/ Ryan Seghesio  
Ryan Seghesio

Chief Financial Officer and Treasurer  
for the California Independent  
System Operator Corporation

/s/ Daniel J. Shonkwiler  
Daniel J. Shonkwiler

Senior Counsel for the California  
Independent System Operator  
Corporation

/s/ Bradley R. Miliauskas  
Michael Kunselman  
Bradley R. Miliauskas  
Alston & Bird LLP

Counsel for the California  
Independent System Operator  
Corporation

Dated: July 12, 2013

## **Exhibit B**



Board of Governors

July 11-12, 2013

Decision on Refinancing of 2009 Series A Bonds

**Motion**

**Moved, that the ISO Board of Governors approves, authorizes and directs Management in the name and on the behalf of the ISO, to perform the following actions:**

**Issue a fixed-rate bond in the amount not to exceed \$210 million, through the California Infrastructure and Economic Development Bank (“Bond Offering”) with a term not to exceed 26 years secured by a mortgage on the Iron Point Facility to refinance the design, construction, commissioning, furnishing, equipping and occupancy of the Iron Point Facility, other related building infrastructure costs, capitalized interest, debt service reserve funds, and bond issuance costs, through the refunding of bonds issued in 2009 (the “2009A Bonds”) to achieve debt service savings;**

**Incur other obligations and guarantee the obligations of the ISO in connection with the Bond Offering and in furtherance thereof to execute and deliver from time to time any note or other instrument evidencing indebtedness or other obligations of the ISO, including related agreements and documents and guarantees of obligations and endorsements of notes, when deemed to be in the best interest of the ISO;**

**Transfer amounts remaining in the debt service reserve fund relating to the 2009A Bonds to the construction fund and/or the escrow fund relating to the Bond Offering;**

**Provide for defeasance of a portion of the ISO’s obligations with respect to the 2009A Bonds through the use of ISO internal funds;**

**Authorize the distribution of a preliminary official statement and an official statement relating to the marketing and sale with respect to the Bond Offering;**

**Procure bond insurance to secure such bonds to the extent determined advantageous by the ISO Management, and to enter into agreements related thereto; and**

**To take any and all other actions necessary to effectuate the Bond Offering.**



**Moved: Bhagwat Second: Maullin**

Board Action: <b>Passed</b> Vote Count: <b>5-0-0</b>	
Bhagwat	Y
Foster	Y
Galiteva	Y
Maullin	Y
Olsen	Y

**Motion Number: 2013-07-G2**

## **Exhibit C**

Exhibit C  
California Independent System Operator Corporation  
Balance Sheet (Unaudited)  
March 31, 2013

Line No.	Title of Account (FERC Account)	Balance March 31, 2013	Pro Forma Adjustments For Issuance of New Bonds	Pro Forma Adjustments For Repayment of Bonds	Pro Forma Adjustments For Bond Amortization	03/31/2013 Balance After Pro Forma Adjustments
1	<b>ASSETS AND OTHER DEBITS</b>					
2	<b>Utility Plant</b>					
3	Utility Plant (101-106,114)	\$ 575,418,672				\$ 575,418,672
4	Construction Work in Progress (107)	7,218,494				7,218,494
5	Total Utility Plant	<u>582,637,166</u>				<u>582,637,166</u>
6	(Less) Accum. Prov. For Depr. Amor. Depl. (108,110,111,115)	345,048,400				345,048,400
7	Net Utility Plant	<u>237,588,766</u>				<u>237,588,766</u>
8						
9	<b>Other Property and Investments</b>					
10	Nonutility Property (121)	200,050				200,050
11	Other Investments (124)	90,738,839				90,738,839
12	Other Special Funds (128)	324,591,993	20,041,790	1,715,188	39,601	346,388,572
13	Total Other Property and Investments	<u>415,530,882</u>	<u>20,041,790</u>	<u>1,715,188</u>	<u>39,601</u>	<u>437,327,461</u>
14						
15	<b>Current and Accrued Assets</b>					
16	Cash (131)	8,150,752	192,990,000	(192,990,000)	1,666,940	9,817,692
17	Special Deposits (132-134)	36,928,431	(2,833,090)	(1,715,188)	-	32,380,153
18	Working Fund (135)	2,512				2,512
19	Customer Accounts Receivable (142)	2,111,551				2,111,551
20	Other Accounts Receivable (143)	413,690				413,690
21	Prepayments (165)	5,283,972				5,283,972
22	Interest and Dividends Receivable (171)	650,983				650,983
23	Accrued Utility Revenues (173)	7,184,365				7,184,365
24	Total Current and Accrued Assets	<u>60,726,256</u>	<u>190,156,910</u>	<u>(194,705,188)</u>	<u>1,666,940</u>	<u>57,844,918</u>
25						
26	<b>Deferred Debits</b>					
27	Unamortized Debt Expense/Loss on Refunding (181)	1,725,232	1,076,300	(1,671,260)	(43,052)	1,087,220
28	Clearing Accounts (184)	768,027				768,027
29	Miscellaneous Deferred Debits (186)	4,106,170				4,106,170
30	Total Deferred Debits	<u>6,599,429</u>	<u>1,076,300</u>	<u>(1,671,260)</u>	<u>(43,052)</u>	<u>5,961,417</u>
31						
32	<b>TOTAL ASSETS</b>	<u>\$ 720,445,333</u>	<u>\$ 211,275,000</u>	<u>\$ (194,661,260)</u>	<u>\$ 1,663,489</u>	<u>\$ 738,722,562</u>
33						
34	See notes to Balance Sheet					

Exhibit C  
California Independent System Operator Corporation  
Balance Sheet (Unaudited)  
March 31, 2013

Line No.	Title of Account (FERC Account)	Balance March 31, 2013	Pro Forma Adjustments For Issuance of New Bonds	Pro Forma Adjustments For Retirement of 2009 Bonds	Pro Forma Adjustments For Bond Amortization	03/31/2013 Balance After Pro Forma Adjustments
35	<b>LIABILITIES AND OTHER CREDITS</b>					
36	<b>Proprietary Capital</b>					
37	Retained Earnings (215, 215.1,216)	\$ 149,731,171	\$ 1,275,000	\$ (48,460)	\$ 2,043,089	\$ 153,000,800
38	Accumulated Other Comprehensive Income (219)	3,319,834				3,319,834
39	Total Proprietary Capital	<u>153,051,005</u>	1,275,000	(48,460)	2,043,089	<u>156,320,634</u>
40						
41	<b>Long-Term Debt</b>					
42	Bonds (221)	216,455,000	200,510,000	(192,990,000)		223,975,000
43	Unamortized Bond Premium (225)	1,930,712	9,490,000	(1,622,800)	(379,600)	9,418,312
44	Total Long-Term Debt	<u>218,385,712</u>	210,000,000	(194,612,800)	(379,600)	<u>233,393,312</u>
45						
46	<b>Other NonCurrent Liabilities</b>					
47	Accumulated Provision for Pensions and Benefits (228.3)	14,745,144				14,745,144
48	Total Other NonCurrent Liabilities	<u>14,745,144</u>	-	-	-	<u>14,745,144</u>
49						
50	<b>Current and Accrued Liabilities</b>					
51	Accounts Payable (232)	19,670,975				19,670,975
52	Customer Deposits (235)	309,484,868				309,484,868
53	Taxes Accrued (236)	22,405			-	22,405
54	Interest Accrued (237)	2,060,803				2,060,803
55	Total Current and Accrued Liabilities	<u>331,239,051</u>	-	-	-	<u>331,239,051</u>
56						
57	<b>Deferred Credits</b>					
58	Other Deferred Credits (253)	3,024,421			-	3,024,421
59	Total Deferred Credits	<u>3,024,421</u>	-	-	-	<u>3,024,421</u>
60						
61	TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>\$ 720,445,333</u>	\$ 211,275,000	\$ (194,661,260)	\$ 1,663,489	<u>\$ 738,722,562</u>
62						
63	See notes to Balance Sheet					

Exhibit C  
California Independent System Operator Corporation  
Notes to Balance Sheet (Unaudited)  
March 31, 2013

Line No.	Description	Pro Forma Adjustments
1	<b>Issuance of Bonds</b>	
2	The Proforma adjustments reflecting the issuance of bonds have the following components:	
3		
4	<u>Source and Use of Bond Proceeds</u>	
5	Bond Proceeds - Par Amount	\$ 200,510,000
6	Bond Proceeds - Net Premium	9,490,000
7	Debt Service Reserve Release	15,000,000
8	DSRFDA Termination Gain	<u>1,275,000</u>
9	Bond Proceeds	<u>\$ 226,275,000</u>
10		
11	Special Funds - Series A 2009 Construction Fund	\$ 15,000,000
12	Refunding of Series A Bonds - Principal	192,990,000
13	Refunding of Series A Bonds - Interest Fund	12,166,910
14	Unamortized Debt Expense - Costs of issuance	650,000
15	Unamortized Debt Expense - Underwriter's discount, Letter of credit fees	426,300
16	Additional Proceeds	5,041,790
17	Bonds issued	<u>\$ 226,275,000</u>
18	No construction costs funded during period	
19		
20	<b>Refunding of Series A 2009 Bonds</b>	
21	The Proforma adjustments reflecting the retirement of the bonds have the following components:	
22		
23	Series A 2009 Bonds Outstanding Balance	\$ 192,990,000
24	Unamortized Premium	1,622,800
25	Unamortized Debt Expense	1,671,260
26	Debt Service Fund transfer	16,715,188
27	Interest Expense	11,195,175
28	Amortization of Premium	100,910
29	Amortization of Debt Expense	103,923
30	Series A 2009 Bonds Construction Fund	15,090,666
31		
32	<b>Bond Amortization and Earnings On Construction Fund</b>	
33	The Proforma adjustments reflecting the amortization of bonds have the following components:	
34		
35	Issuance date - April 1, 2012 (Actual issuance will be in August 2013-- 4/1/2012 is assumed for purposes	
36	of this pro-forma statement.	
37	Amortization date - March 31, 2013	
38	Interest rate - all in	4.7520000%
39	Interest cost - Year 1 (line 13 x line 6); paid from cash account	<u>\$ 9,528,235</u>
40	Principal reduction:	
41	Year 1	\$ -
42	Year 2	4,230,000
43	Year 3	4,355,000
44	Year 4	4,525,000
45	Year 5	4,705,000
46	Years 6 - 25	182,695,000
47	Total	<u>\$ 200,510,000</u>
48	Unamortized Debt Expense (Method - ratably over 25 years)	
49	Expense - Year 1 ((line 15 + line 16 + line 17) / 25)	<u>\$ 43,052</u>
50	Bond Premium Amortization (Method - ratably over 25 years)	
51	Amortization - Year 1 (line 6 / 25)	<u>\$ 379,600</u>
52	Loss of Refunding of Series A 2009 Bonds (Immediate Recognition)	
53	Expense - Year 1 only (line 26 - line 25)	<u>\$ 48,460</u>
54	<u>Revenues</u>	
55	Interest rate earned on Money Market funds	0.78545%
56	Interest Income ((line 12) * line 44)	<u>\$ 39,601</u>
57	No adjustment was made to increase GMC revenues to cover the proforma debt service	

## Exhibit D

Exhibit D  
California Independent System Operator Corporation  
Statement of Income (Unaudited)  
For the 12-Month Period Ended March 31, 2013

Line No.	Title of Account (FERC Account)	12-Month Period Ended March 31, 2013	Pro Forma Adjustments For Bond Amortization	03/31/2013 Balance After Pro Forma Adjustments
1	<b>Utility Operating Income</b>			
2	Operating Revenues (400)	\$ 210,657,954	\$ -	\$ 210,657,954
3				
4	Operating Expenses			
5	Operating Expenses (401)	120,980,001	-	120,980,001
6	Maintenance Expenses (402)	34,904,464	-	34,904,464
7	Depreciation Expense (403)	72,899,063	-	72,899,063
8	Taxes Other Than Income Taxes (408.1)	48,267	-	48,267
9	Losses from Disposition of Utility Plant (411)	(289,031)	-	(289,031)
10	Total Utility Operating Expenses	<u>228,542,764</u>	-	<u>228,542,764</u>
11				
12	Net Utility Operating Loss	<u>(17,884,810)</u>	-	<u>(17,884,810)</u>
13				
14	<b>Other Income</b>			
15				
16	Interest and Dividend Income (419)	1,667,590	39,601	1,707,191
17	Miscellaneous Non-operating Income (421)	98,244	-	98,244
18	Other Deductions (426)	(199,631)	-	(199,631)
19	Total Other Income	<u>1,566,203</u>	<u>39,601</u>	<u>1,605,804</u>
20				
21	<b>Interest Charges</b>			
22	Interest on Long-term Debt (427)	13,924,169	(1,666,940)	12,257,229
23	Amortization of Debt Expense/Loss of Refunding (428)	360,122	(1,284,398)	(924,276)
24	Amortization of Bond Premium (429)	(943,131)	(278,690)	(1,221,821)
25	Other Interest Expense (431)	1,690,477	-	1,690,477
26	Net Interest Charges	<u>15,031,637</u>	<u>(3,230,028)</u>	<u>11,801,609</u>
27				
28	Net Loss	<u>\$ (31,350,244)</u>	<u>\$ 3,269,629</u>	<u>\$ (28,080,615)</u>
29				
30	See notes to Statement of Income			

Exhibit D  
California Independent System Operator Corporation  
Notes to Statement of Income (Unaudited)  
March 31, 2013

Line No.	Description	Pro Forma Adjustments
1	<b>Issuance of Bonds</b>	
2	The Proforma adjustments reflecting the issuance of bonds have the following components:	
3		
4	<u>Source and Use of Bond Proceeds</u>	
5	Bond Proceeds - Par Amount	\$ 200,510,000
6	Bond Proceeds - Net Premium	9,490,000
7	Debt Service Reserve Release	15,000,000
8	DSRFDA Termination Gain	1,275,000
9	Bond Proceeds	<u>\$ 226,275,000</u>
10		
11	Special Funds - Series A 2009 Construction Fund	\$ 15,000,000
12	Refunding of Series A Bonds - Principal	192,990,000
13	Refunding of Series A Bonds - Interest Fund	12,166,910
14	Unamortized Debt Expense - Costs of issuance	650,000
15	Unamortized Debt Expense - Underwriter's discount, Letter of credit fees	426,300
16	Additional Proceeds	5,041,790
17	Bonds issued	<u>\$ 226,275,000</u>
18	No construction costs funded during period	
19		
20	<b>Refunding of Series A 2009 Bonds</b>	
21	The Proforma adjustments reflecting the retirement of the bonds have the following components:	
22		
23	Series A 2009 Bonds Outstanding Balance	\$ 192,990,000
24	Unamortized Premium	1,622,800
25	Unamortized Debt Expense	1,671,260
26	Debt Service Fund transfer	16,715,188
27	Interest Expense	11,195,175
28	Amortization of Premium	100,910
29	Amortization of Debt Expense	103,923
30	Series A 2009 Bonds Construction Fund	15,090,666
31		
32	<b>Bond Amortization and Earnings On Construction Fund</b>	
33	The Proforma adjustments reflecting the amortization of bonds have the following components:	
34		
35	Issuance date - April 1, 2012 (Actual issuance will be in August 2013-- 4/1/2012 is assumed for purposes	
36	of this pro-forma statement.	
37	Amortization date - March 31, 2013	
38	Interest rate - all in	4.7520000%
39	Interest cost - Year 1 (line 13 x line 6); paid from cash account	<u>\$ 9,528,235</u>
40	Principal reduction:	
41	Year 1	\$ -
42	Year 2	4,230,000
43	Year 3	4,355,000
44	Year 4	4,525,000
45	Year 5	4,705,000
46	Years 6 - 25	182,695,000
47	Total	<u>\$ 200,510,000</u>
48	Unamortized Debt Expense (Method - ratably over 25 years)	
49	Expense - Year 1 ((line 15 + line 16 + line 17) / 25)	<u>\$ 43,052</u>
50	Bond Premium Amortization (Method - ratably over 25 years)	
51	Amortization - Year 1 (line 6 / 25)	<u>\$ 379,600</u>
52	Loss of Refunding of Series A 2009 Bonds (Immediate Recognition)	
53	Expense - Year 1 only (line 26 - line 25)	<u>\$ 48,460</u>
54	<u>Revenues</u>	
55	Interest rate earned on Money Market funds	0.78545%
56	Interest Income ((line 12) * line 44)	<u>\$ 39,601</u>
57	No adjustment was made to increase GMC revenues to cover the proforma debt service	

## **Exhibit E**

Exhibit E  
California Independent System Operator Corporation  
Statement of Cash Flows (Unaudited)  
For the 12-Month Period Ended March 31, 2013

Line No.	Account Description	12-Month Period Ended March 31, 2013	Pro Forma Adjustments For Issuance of Bonds	Pro Forma Adjustments For Retirement of 2009 Bonds	Pro Forma Adjustments For Bond Amortization	3/31/2013 Balance After Pro Forma Adjustments
1	Net Cash Flow from Operating Activities					
2	Net Gain (Loss)	\$ (31,350,244)	\$ 1,275,000	\$ (48,460)	\$ 2,043,089	\$ (28,080,615)
3	Noncash Charges (Credits) to Income:					
4	Depreciation and Depletion	72,899,063				72,899,063
5	Amortization of Debt Expense/Loss on Refunding	360,122	(1,275,000)	48,460	(57,858)	(924,276)
6	Amortization of Bond Premium	(943,131)			(278,690)	(1,221,821)
7	Allowance for Funds Used During Construction	(341,651)				(341,651)
8	Net Increase in Receivables and Other Assets	(3,127,634)				(3,127,634)
9	Net Increase in Payables and Accrued Expenses	6,727,146				6,727,146
10	Net Increase in Other Deferred Credits	1,971,130				1,971,130
11	Net Cash Provided by Operating Activities	<u>46,194,801</u>	-	-	1,706,541	<u>47,901,342</u>
12						
13	Cash Flows From Investment Activities					
14	Gross Additions to Common Utility Plant	(30,091,153)				(30,091,153)
15	Net Proceeds from Purchases of Investments	(16,737,250)				(16,737,250)
16	Net Cash Used In Investing Activities	<u>(46,828,403)</u>	-	-	-	<u>(46,828,403)</u>
17						
18	Cash Flows from Financing Activities					
19	Net Proceeds from Issuance of Long-Term Debt	-	192,990,000	-	-	192,990,000
20	Increase in Customer Deposits	28,623,376				28,623,376
21	Payments for Retirement of Long-Term Debt	(39,580,000)	-	(192,990,000)	-	(232,570,000)
22	Decrease (Increase) in Special Deposits	561,305	15,000,000	1,715,188	-	17,276,493
23	Decrease (Increase) Other Special Funds	(15,615,830)	(15,000,000)	(1,715,188)	(39,601)	(32,370,619)
24	Net Cash Used In Financing Activities	<u>(26,011,149)</u>	192,990,000	(192,990,000)	(39,601)	<u>(26,050,750)</u>
25						
26	Net Increase (Decrease) in Cash and Cash Equivalents	(26,644,751)	192,990,000	(192,990,000)	1,666,940	(24,977,811)
27						
28	Cash and Cash Equivalents at Beginning of Period	<u>34,795,503</u>	-	-	-	<u>34,795,503</u>
29						
30	Cash and Cash Equivalents at End of Period	<u>\$ 8,150,752</u>	<u>\$ 192,990,000</u>	<u>\$ (192,990,000)</u>	<u>\$ 1,666,940</u>	<u>\$ 9,817,692</u>
31						
32	See notes to Statement of Cash Flows					

Exhibit E  
California Independent System Operator Corporation  
Notes to Statement of Cash Flows (Unaudited)  
March 31, 2013

Line No.	Description	Pro Forma Adjustments
1	<b>Issuance of Bonds</b>	
2	The Proforma adjustments reflecting the issuance of bonds have the following components:	
3		
4	<u>Source and Use of Bond Proceeds</u>	
5	Bond Proceeds - Par Amount	\$ 200,510,000
6	Bond Proceeds - Net Premium	9,490,000
7	Debt Service Reserve Release	15,000,000
8	DSRFDA Termination Gain	1,275,000
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16	Additional Proceeds	5,041,790
17	Bonds issued	<u>\$ 226,275,000</u>
18	No construction costs funded during period	
19		
20	<b>Refunding of Series A 2009 Bonds</b>	
21	The Proforma adjustments reflecting the retirement of the bonds have the following components:	
22		
23	Series A 2009 Bonds Outstanding Balance	\$ 192,990,000
24	Unamortized Premium	1,622,800
25	Unamortized Debt Expense	1,671,260
26	Debt Service Fund transfer	16,715,188
27	Interest Expense	11,195,175
28	Amortization of Premium	100,910
29	Amortization of Debt Expense	103,923
30	Series A 2009 Bonds Construction Fund	15,090,666
31		
32	<b>Bond Amortization and Earnings On Construction Fund</b>	
33	The Proforma adjustments reflecting the amortization of bonds have the following components:	
34		
35	Issuance date - April 1, 2012 (Actual issuance will be in August 2013-- 4/1/2012 is assumed for purposes	
36	of this pro-forma statement.	
37	Amortization date - March 31, 2013	
38	Interest rate - all in	4.7520000%
39	Interest cost - Year 1 (line 13 x line 6); paid from cash account	<u>\$ 9,528,235</u>
40	Principal reduction:	
41	Year 1	\$ -
42	Year 2	4,230,000
43	Year 3	4,355,000
44	Year 4	4,525,000
45	Year 5	4,705,000
46	Years 6 - 25	182,695,000
47	Total	<u>\$ 200,510,000</u>
48	Unamortized Debt Expense (Method - ratably over 25 years)	
49	Expense - Year 1 ((line 15 + line 16 + line 17) / 25)	<u>\$ 43,052</u>
50	Bond Premium Amortization (Method - ratably over 25 years)	
51	Amortization - Year 1 (line 6 / 25)	<u>\$ 379,600</u>
52	Loss of Refunding of Series A 2009 Bonds (Immediate Recognition)	
53	Expense - Year 1 only (line 26 - line 25)	<u>\$ 48,460</u>
54	<u>Revenues</u>	
55	Interest rate earned on Money Market funds	0.78545%
56	Interest Income ((line 12) * line 44)	<u>\$ 39,601</u>
57	No adjustment was made to increase GMC revenues to cover the proforma debt service	

Exhibit E  
California Independent System Operator Corporation  
Schedule of Interest Coverage  
For the 12-Month Period Ended March 31, 2013

Line No.	Description	12-Month Period Ended March 31, 2013	Pro Forma Adjustments For Bond Amortization	3/31/2013 Balance After Pro Forma Adjustments
1	Net Loss	\$ (31,350,244)	\$ 3,269,629	\$ (28,080,615)
2				
3	Add Back:			
4	Depreciation	\$ 72,899,063	\$ -	72,899,063
5	Interest on Long-Term Debt	13,924,169	(1,666,940)	12,257,229
6	Other Interest Expense	1,690,477	-	1,690,477
7	Total Interest Expense	<u>88,513,709</u>	<u>(1,666,940)</u>	<u>86,846,769</u>
8				
9	Income before Interest and Depreciation	<u>\$ 57,163,465</u>	<u>\$ 1,602,689</u>	<u>\$ 58,766,154</u>
10				
11	Total Interest Expense (line 5 and 6)	\$ 15,614,646	\$ (1,666,940)	\$ 13,947,706
12	Interest capitalized to Utility Plant	341,651	-	341,651
13	Total Interest Incurred	<u>\$ 15,956,297</u>	<u>\$ (1,666,940)</u>	<u>\$ 14,289,357</u>
14				
15	Computation of Interest Coverage			
16	Interest coverage (line 9 / line 13)	<u>3.58</u>		<u>4.11</u>

Exhibit E  
California Independent System Operator Corporation  
Notes to Schedule of Interest Coverage  
March 31, 2013

Line No.	Description	Pro Forma Adjustments
1	<b>Issuance of Bonds</b>	
2	The Proforma adjustments reflecting the issuance of bonds have the following components:	
3		
4	<u>Source and Use of Bond Proceeds</u>	
5	Bond Proceeds - Par Amount	\$ 200,510,000
6	Bond Proceeds - Net Premium	9,490,000
7	Debt Service Reserve Release	15,000,000
8	DSRFDA Termination Gain	1,275,000
9	Bond Proceeds	<u>\$ 226,275,000</u>
10		
11	Special Funds - Series A 2009 Construction Fund	\$ 15,000,000
12	Refunding of Series A Bonds - Principal	192,990,000
13	Refunding of Series A Bonds - Interest Fund	12,166,910
14	Unamortized Debt Expense - Costs of issuance	650,000
15	Unamortized Debt Expense - Underwriter's discount, Letter of credit fees	426,300
16	Additional Proceeds	5,041,790
17	Bonds issued	<u>\$ 226,275,000</u>
18	No construction costs funded during period	
19		
20	<b>Refunding of Series A 2009 Bonds</b>	
21	The Proforma adjustments reflecting the retirement of the bonds have the following components:	
22		
23	Series A 2009 Bonds Outstanding Balance	\$ 192,990,000
24	Unamortized Premium	1,622,800
25	Unamortized Debt Expense	1,671,260
26	Debt Service Fund transfer	16,715,188
27	Interest Expense	11,195,175
28	Amortization of Premium	100,910
29	Amortization of Debt Expense	103,923
30	Series A 2009 Bonds Construction Fund	15,090,666
31		
32	<b>Bond Amortization and Earnings On Construction Fund</b>	
33	The Proforma adjustments reflecting the amortization of bonds have the following components:	
34		
35	Issuance date - April 1, 2012 (Actual issuance will be in August 2013-- 4/1/2012 is assumed for purposes	
36	of this pro-forma statement.	
37	Amortization date - March 31, 2013	
38	Interest rate - all in	4.7520000%
39	Interest cost - Year 1 (line 13 x line 6); paid from cash account	<u>\$ 9,528,235</u>
40	Principal reduction:	
41	Year 1	\$ -
42	Year 2	4,230,000
43	Year 3	4,355,000
44	Year 4	4,525,000
45	Year 5	4,705,000
46	Years 6 - 25	182,695,000
47	Total	<u>\$ 200,510,000</u>
48	Unamortized Debt Expense (Method - ratably over 25 years)	
49	Expense - Year 1 ((line 15 + line 16 + line 17) / 25)	<u>\$ 43,052</u>
50	Bond Premium Amortization (Method - ratably over 25 years)	
51	Amortization - Year 1 (line 6 / 25)	<u>\$ 379,600</u>
52	Loss of Refunding of Series A 2009 Bonds (Immediate Recognition)	
53	Expense - Year 1 only (line 26 - line 25)	<u>\$ 48,460</u>
54	<u>Revenues</u>	
55	Interest rate earned on Money Market funds	0.78545%
56	Interest Income ((line 12) * line 44)	<u>\$ 39,601</u>
57	No adjustment was made to increase GMC revenues to cover the proforma debt service	

## **Exhibit G**

TABLE OF CONTENTS

California Independent System Operator  
2013 Series A Refunding Bonds  
Advance Refunding of 2009 Series A  
Refund 2015 Maturity and All Callable Bonds  
Assumes Current Ratings: A1 / A / AA-  
Not-to-Exceed Scenario - \$210MM Proceeds & 4.75% All-in TIC  
Rates as of July 10, 2013

Report	Page
Sources and Uses of Funds . . . . .	1
Bond Summary Statistics . . . . .	2
Bond Pricing . . . . .	3
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SOURCES AND USES OF FUNDS

California Independent System Operator  
 2013 Series A Refunding Bonds  
 Advance Refunding of 2009 Series A  
 Refund 2015 Maturity and All Callable Bonds  
 Assumes Current Ratings: A1 / A / AA-  
 Not-to-Exceed Scenario - \$210MM Proceeds & 4.75% All-in TIC  
 Rates as of July 10, 2013

Dated Date            08/21/2013  
 Delivery Date        08/21/2013

Sources:

<hr/>	
Bond Proceeds:	
Par Amount	200,510,000.00
Premium	9,491,138.50
	<hr/>
	210,001,138.50
Other Sources of Funds:	
Debt Service Reserve Release	15,000,000.00
DSRFDA Termination MTM Gain	1,275,000.00
	<hr/>
	16,275,000.00
	<hr/>
	226,276,138.50
<hr/> <hr/>	

Uses:

<hr/>	
Project Fund Deposits:	
Deposit to the 2009 Construction Fund	15,000,000.00
Refunding Escrow Deposits:	
SLGS Purchases	205,156,910.00
Delivery Date Expenses:	
Cost of Issuance	650,000.00
Underwriter's Discount	426,300.77
	<hr/>
	1,076,300.77
Other Uses of Funds:	
Additional Proceeds	5,042,927.73
	<hr/>
	226,276,138.50
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## BOND SUMMARY STATISTICS

California Independent System Operator  
2013 Series A Refunding Bonds  
Advance Refunding of 2009 Series A  
Refund 2015 Maturity and All Callable Bonds

Assumes Current Ratings: A1 / A / AA-  
Not-to-Exceed Scenario - \$210MM Proceeds & 4.75% All-in TIC  
Rates as of July 10, 2013

Dated Date	08/21/2013
Delivery Date	08/21/2013
First Coupon	02/01/2014
Last Maturity	02/01/2039
Arbitrage Yield	4.442814%
True Interest Cost (TIC)	4.722398%
Net Interest Cost (NIC)	4.882945%
All-In TIC	4.751912%
Average Coupon	5.163927%
Average Life (years)	16.090
Duration of Issue (years)	10.781
Par Amount	200,510,000.00
Bond Proceeds	210,001,138.50
Total Interest	166,594,783.33
Net Interest	157,529,945.60
Bond Years from Dated Date	3,226,125,555.56
Bond Years from Delivery Date	3,226,125,555.56
Total Debt Service	367,104,783.33
Maximum Annual Debt Service	14,951,362.50
Average Annual Debt Service	14,427,698.91
Underwriter's Fees (per \$1000)	
Average Takedown	2.000000
Other Fee	0.126082
Total Underwriter's Discount	2.126082
Bid Price	104.520891

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serials	96,270,000.00	106.968	4.960%	9.940	65,023.55
Term Bond due 2034	40,595,000.00	103.228	5.250%	19.001	30,852.20
Term Bond due 2039	63,645,000.00	102.314	5.250%	23.535	48,370.20
	200,510,000.00			16.090	144,245.95

	TIC	All-In TIC	Arbitrage Yield
Par Value	200,510,000.00	200,510,000.00	200,510,000.00
+ Accrued Interest			
+ Premium (Discount)	9,491,138.50	9,491,138.50	9,491,138.50
- Underwriter's Discount	-426,300.77	-426,300.77	
- Cost of Issuance Expense		-650,000.00	
- Other Amounts			
Target Value	209,574,837.73	208,924,837.73	210,001,138.50
Target Date	08/21/2013	08/21/2013	08/21/2013
Yield	4.722398%	4.751912%	4.442814%

## BOND PRICING

California Independent System Operator  
 2013 Series A Refunding Bonds  
 Advance Refunding of 2009 Series A  
 Refund 2015 Maturity and All Callable Bonds  
 Assumes Current Ratings: A1 / A / AA-  
 Not-to-Exceed Scenario - \$210MM Proceeds & 4.75% All-in TIC  
 Rates as of July 10, 2013

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price
Serials:								
	02/01/2015	4,230,000	3.000%	1.110%	102.700			
	02/01/2016	4,355,000	4.000%	1.560%	105.829			
	02/01/2017	4,525,000	4.000%	1.930%	106.865			
	02/01/2018	4,705,000	5.000%	2.350%	111.120			
	02/01/2019	4,940,000	5.000%	2.700%	111.571			
	02/01/2020	5,185,000	5.000%	2.970%	111.825			
	02/01/2021	5,440,000	5.000%	3.280%	111.277			
	02/01/2022	5,710,000	5.000%	3.580%	110.267			
	02/01/2023	5,990,000	5.000%	3.740%	109.945			
	02/01/2024	6,300,000	5.000%	3.930%	108.372 C	4.011%	02/01/2023	100.000
	02/01/2025	6,610,000	5.000%	4.080%	107.148 C	4.206%	02/01/2023	100.000
	02/01/2026	6,935,000	5.000%	4.230%	105.941 C	4.376%	02/01/2023	100.000
	02/01/2027	7,280,000	5.000%	4.370%	104.829 C	4.517%	02/01/2023	100.000
	02/01/2028	7,640,000	5.000%	4.490%	103.887 C	4.628%	02/01/2023	100.000
	02/01/2029	8,015,000	5.000%	4.590%	103.110 C	4.714%	02/01/2023	100.000
	02/01/2030	8,410,000	5.000%	4.660%	102.571 C	4.772%	02/01/2023	100.000
		<u>96,270,000</u>						
Term Bond due 2034:								
	02/01/2031	9,470,000	5.250%	4.820%	103.228 C	4.996%	02/01/2023	100.000
	02/01/2032	9,910,000	5.250%	4.820%	103.228 C	4.996%	02/01/2023	100.000
	02/01/2033	10,365,000	5.250%	4.820%	103.228 C	4.996%	02/01/2023	100.000
	02/01/2034	10,850,000	5.250%	4.820%	103.228 C	4.996%	02/01/2023	100.000
		<u>40,595,000</u>						
Term Bond due 2039:								
	02/01/2035	11,610,000	5.250%	4.940%	102.314 C	5.087%	02/01/2023	100.000
	02/01/2036	12,140,000	5.250%	4.940%	102.314 C	5.087%	02/01/2023	100.000
	02/01/2037	12,700,000	5.250%	4.940%	102.314 C	5.087%	02/01/2023	100.000
	02/01/2038	13,290,000	5.250%	4.940%	102.314 C	5.087%	02/01/2023	100.000
	02/01/2039	13,905,000	5.250%	4.940%	102.314 C	5.087%	02/01/2023	100.000
		<u>63,645,000</u>						
		<u>200,510,000</u>						

Dated Date	08/21/2013	
Delivery Date	08/21/2013	
First Coupon	02/01/2014	
Par Amount	200,510,000.00	
Premium	9,491,138.50	
Production	210,001,138.50	104.733499%
Underwriter's Discount	-426,300.77	-0.212608%
Purchase Price	209,574,837.73	104.520891%
Accrued Interest		
Net Proceeds	209,574,837.73	

## BOND DEBT SERVICE

California Independent System Operator  
 2013 Series A Refunding Bonds  
 Advance Refunding of 2009 Series A  
 Refund 2015 Maturity and All Callable Bonds

Assumes Current Ratings: A1 / A / AA-  
 Not-to-Exceed Scenario - \$210MM Proceeds & 4.75% All-in TIC  
 Rates as of July 10, 2013

Period Ending	Principal	Interest	Debt Service
02/01/2014		4,494,533.33	4,494,533.33
02/01/2015	4,230,000	10,112,700.00	14,342,700.00
02/01/2016	4,355,000	9,985,800.00	14,340,800.00
02/01/2017	4,525,000	9,811,600.00	14,336,600.00
02/01/2018	4,705,000	9,630,600.00	14,335,600.00
02/01/2019	4,940,000	9,395,350.00	14,335,350.00
02/01/2020	5,185,000	9,148,350.00	14,333,350.00
02/01/2021	5,440,000	8,889,100.00	14,329,100.00
02/01/2022	5,710,000	8,617,100.00	14,327,100.00
02/01/2023	5,990,000	8,331,600.00	14,321,600.00
02/01/2024	6,300,000	8,032,100.00	14,332,100.00
02/01/2025	6,610,000	7,717,100.00	14,327,100.00
02/01/2026	6,935,000	7,386,600.00	14,321,600.00
02/01/2027	7,280,000	7,039,850.00	14,319,850.00
02/01/2028	7,640,000	6,675,850.00	14,315,850.00
02/01/2029	8,015,000	6,293,850.00	14,308,850.00
02/01/2030	8,410,000	5,893,100.00	14,303,100.00
02/01/2031	9,470,000	5,472,600.00	14,942,600.00
02/01/2032	9,910,000	4,975,425.00	14,885,425.00
02/01/2033	10,365,000	4,455,150.00	14,820,150.00
02/01/2034	10,850,000	3,910,987.50	14,760,987.50
02/01/2035	11,610,000	3,341,362.50	14,951,362.50
02/01/2036	12,140,000	2,731,837.50	14,871,837.50
02/01/2037	12,700,000	2,094,487.50	14,794,487.50
02/01/2038	13,290,000	1,427,737.50	14,717,737.50
02/01/2039	13,905,000	730,012.50	14,635,012.50
	200,510,000	166,594,783.33	367,104,783.33

## BOND DEBT SERVICE

California Independent System Operator  
 2013 Series A Refunding Bonds  
 Advance Refunding of 2009 Series A  
 Refund 2015 Maturity and All Callable Bonds

Assumes Current Ratings: A1 / A / AA-  
 Not-to-Exceed Scenario - \$210MM Proceeds & 4.75% All-in TIC  
 Rates as of July 10, 2013

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/01/2014		4,494,533.33	4,494,533.33	4,494,533.33
08/01/2014		5,056,350.00	5,056,350.00	
02/01/2015	4,230,000	5,056,350.00	9,286,350.00	14,342,700.00
08/01/2015		4,992,900.00	4,992,900.00	
02/01/2016	4,355,000	4,992,900.00	9,347,900.00	14,340,800.00
08/01/2016		4,905,800.00	4,905,800.00	
02/01/2017	4,525,000	4,905,800.00	9,430,800.00	14,336,600.00
08/01/2017		4,815,300.00	4,815,300.00	
02/01/2018	4,705,000	4,815,300.00	9,520,300.00	14,335,600.00
08/01/2018		4,697,675.00	4,697,675.00	
02/01/2019	4,940,000	4,697,675.00	9,637,675.00	14,335,350.00
08/01/2019		4,574,175.00	4,574,175.00	
02/01/2020	5,185,000	4,574,175.00	9,759,175.00	14,333,350.00
08/01/2020		4,444,550.00	4,444,550.00	
02/01/2021	5,440,000	4,444,550.00	9,884,550.00	14,329,100.00
08/01/2021		4,308,550.00	4,308,550.00	
02/01/2022	5,710,000	4,308,550.00	10,018,550.00	14,327,100.00
08/01/2022		4,165,800.00	4,165,800.00	
02/01/2023	5,990,000	4,165,800.00	10,155,800.00	14,321,600.00
08/01/2023		4,016,050.00	4,016,050.00	
02/01/2024	6,300,000	4,016,050.00	10,316,050.00	14,332,100.00
08/01/2024		3,858,550.00	3,858,550.00	
02/01/2025	6,610,000	3,858,550.00	10,468,550.00	14,327,100.00
08/01/2025		3,693,300.00	3,693,300.00	
02/01/2026	6,935,000	3,693,300.00	10,628,300.00	14,321,600.00
08/01/2026		3,519,925.00	3,519,925.00	
02/01/2027	7,280,000	3,519,925.00	10,799,925.00	14,319,850.00
08/01/2027		3,337,925.00	3,337,925.00	
02/01/2028	7,640,000	3,337,925.00	10,977,925.00	14,315,850.00
08/01/2028		3,146,925.00	3,146,925.00	
02/01/2029	8,015,000	3,146,925.00	11,161,925.00	14,308,850.00
08/01/2029		2,946,550.00	2,946,550.00	
02/01/2030	8,410,000	2,946,550.00	11,356,550.00	14,303,100.00
08/01/2030		2,736,300.00	2,736,300.00	
02/01/2031	9,470,000	2,736,300.00	12,206,300.00	14,942,600.00
08/01/2031		2,487,712.50	2,487,712.50	
02/01/2032	9,910,000	2,487,712.50	12,397,712.50	14,885,425.00
08/01/2032		2,227,575.00	2,227,575.00	
02/01/2033	10,365,000	2,227,575.00	12,592,575.00	14,820,150.00
08/01/2033		1,955,493.75	1,955,493.75	
02/01/2034	10,850,000	1,955,493.75	12,805,493.75	14,760,987.50
08/01/2034		1,670,681.25	1,670,681.25	
02/01/2035	11,610,000	1,670,681.25	13,280,681.25	14,951,362.50
08/01/2035		1,365,918.75	1,365,918.75	
02/01/2036	12,140,000	1,365,918.75	13,505,918.75	14,871,837.50
08/01/2036		1,047,243.75	1,047,243.75	
02/01/2037	12,700,000	1,047,243.75	13,747,243.75	14,794,487.50
08/01/2037		713,868.75	713,868.75	
02/01/2038	13,290,000	713,868.75	14,003,868.75	14,717,737.50
08/01/2038		365,006.25	365,006.25	
02/01/2039	13,905,000	365,006.25	14,270,006.25	14,635,012.50
	200,510,000	166,594,783.33	367,104,783.33	367,104,783.33

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 12<sup>th</sup> day of July, 2013.

/s/ Bradley R. Miliauskas  
Bradley R. Miliauskas