

MONTHLY FINANCIAL REPORT

April 2011

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
MONTHLY FINANCIAL REPORT - April 30, 2011**

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CALIFORNIA ISO

SUMMARY, DISCUSSION AND COMMENTARY

For the four-months ended April 30, 2011

OPERATIONS: (pages 1, 5, 6, and 7)

- ◆ YTD operating revenues were \$2.0M over budget:
 - This is primarily due to higher GMC revenues during the period because the Market Usage service category was above forecast.
- ◆ YTD operating revenues were \$0.4M higher than the previous year:
 - This variance is consistent with 2011 YTD operating revenues being higher than projected.
- ◆ YTD O&M expenses were \$0.9M under budget:
 - This is primarily due to the timing of payments and budget discipline during the period.
- ◆ YTD O&M expenses were \$3.6M higher than last year
 - This is primarily due to the timing of payments and O & M costs related to the move in early 2011.
- ◆ Currently there are 584 full-time employees compared to 601 full-time employees budgeted. There were 582 full-time employees YTD last year.
 - This difference compared to last year is largely a result of selected conversions of contractors to full-time employees to reduce costs.

INTEREST COSTS and INTEREST INCOME: (page 1)

- ◆ YTD Interest income and other were \$0.7M higher than budget due to interest income earned on restricted funds.
 - Interest income earned on restricted funds is not included in the budget because this item is an adjustment to debt service costs for the year.
- ◆ YTD interest income and other were lower by \$0.8M compared to the previous year due to lower investment balances.
- ◆ YTD loss on investments is primarily due to the volatility in the financial markets.
- ◆ YTD interest expenses, as compared to budget, were slightly higher due to interest expense adjustments.
- ◆ YTD interest expenses were lower overall compared to last year due to lower debt balances as a result of debt retirements.

BALANCE SHEET: (page 2)

- ◆ The changes in unrestricted cash and cash equivalents and investments were primarily due to the movement of funds to investments with longer maturities. Changes in the rest of the accounts were mainly due to normal business activity during the month.

CAPITAL PROJECTS: (pages 3 and 7)

- ◆ 2011 capital projects were budgeted for the year at \$23.5M. 2011 capital projects approved through April totaled \$6.5M.
- ◆ Actual expenditures to date for 2011-approved capital projects totaled \$1.0M. Expenditures for the Iron Point facility and the 2010-approved capital projects totaled \$144.0M and \$4.2M, respectively.

CALIFORNIA ISO
SUMMARY, DISCUSSION AND COMMENTARY

For the four-months ended April 30, 2011

The ISO Markets

OBLIGATIONS OF MARKET PARTICIPANTS: (pages 10 and 11)

- ◆ Outstanding obligations of market participants reflects the seasonality of energy usage during the year.
- ◆ The decrease in market obligations in December reflects lower collateral requirements under payment acceleration and to the conclusion of the annual congestion revenue rights auction.
- ◆ Overall, the increase in market obligations reflects the addition of the forward markets under the new Market.

CALIFORNIA ISO

Statement of Operations

For the four-months ended April 30, 2011
(dollars in thousands)

	Year to Date					2011
	Actual	Budget	Variance	PY Actual	Variance	Budget
Revenues:						
Grid Management Charge	\$ 59,004	\$ 57,075	\$ 1,929	\$ 54,845	\$ 2,184	\$ 189,788
Fines, WSCC & Other Fees	1,284	1,183	101	3,291	\$ (1,786)	3,300
Total revenues	<u>60,288</u>	<u>58,258</u>	<u>2,030</u>	<u>58,136</u>	<u>398</u>	<u>193,088</u>
Operating Expenses:						
Salaries and Benefits	37,106	37,953	(847)	36,369	\$ 552	110,026
Building, Leases and Facility	3,208	3,478	(270)	2,742	540	10,435
Insurance	822	736	86	614	182	2,208
Third Party Vendor Contracts	5,794	5,528	266	4,889	212	16,585
Consulting and Contracting Services	3,985	3,390	596	2,341	936	10,053
Legal and Audit	949	1,451	(502)	629	824	6,992
Training, Travel and Professional Dues	1,189	1,302	(112)	609	396	3,797
Other	692	824	(132)	659	(46)	2,452
Total operating expenses	<u>53,746</u>	<u>54,662</u>	<u>(916)</u>	<u>48,852</u>	<u>3,597</u>	<u>162,548</u>
Net operating income (loss)	<u>6,542</u>	<u>3,596</u>	<u>2,946</u>	<u>9,284</u>	<u>(3,200)</u>	<u>30,540</u>
Interest and Other Expenses						
Interest income & other	1,588	867	721	2,519	792	2,736
Interest expense	4,898	4,849	48	5,918	(241)	8,399
Gains and losses on investments (realized and unrealized)	(303)	-	(303)	526	(1,177)	-
Depreciation and amortization	21,602	21,602	-	18,184	(8,990)	62,000
Total interest and other expenses	<u>25,215</u>	<u>25,585</u>	<u>467</u>	<u>21,056</u>	<u>(11,199)</u>	<u>67,663</u>
Excess (Deficiency) of Revenues Over Expenses	<u>\$ (18,673)</u>	<u>\$ (21,988)</u>	<u>\$ 2,479</u>	<u>\$ (11,772)</u>	<u>\$ 8,000</u>	<u>\$ (37,123)</u>
Number of Full-time Employees	<u>584</u>			<u>582</u>		<u>601</u>

CALIFORNIA ISO
Balance Sheet
As of April 30, 2011
(dollars in thousands)

	<u>Current Month</u>	<u>Prior Month</u>	<u>Change</u>	<u>%</u>
ASSETS				
NET ELECTRIC UTILITY PLANT	<u>\$ 335,989</u>	<u>\$ 339,053</u>	<u>\$ (3,063)</u>	-1%
CURRENT ASSETS				
Unrestricted Cash and Cash Equivalents	9,166	34,635	(25,469)	-74%
Restricted Cash and Cash Equivalents	280,224	282,112	(1,888)	-1%
Other Special Deposits	34,905	35,031	(126)	0%
Accounts Receivable, net	23,241	22,523	718	3%
Investments	189,728	140,521	49,207	35%
Accrued Interest	803	715	88	12%
Prepayments	<u>6,532</u>	<u>7,068</u>	<u>(536)</u>	-8%
Total Current Assets	<u>544,598</u>	<u>522,605</u>	<u>21,993</u>	4%
NONCURRENT ASSET AND DEFERRED CHARGES				
Unamortized Debt Expenses and Other	<u>5,327</u>	<u>4,926</u>	<u>401</u>	8%
Total Noncurrent Asset and Deferred Charges	<u>5,327</u>	<u>4,926</u>	<u>401</u>	8%
TOTAL ASSETS	<u><u>\$ 885,915</u></u>	<u><u>\$ 866,584</u></u>	<u><u>\$ 19,331</u></u>	2%
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
Stakeholders' Surplus	<u>\$ 220,360</u>	<u>\$ 224,273</u>	<u>\$ (3,913)</u>	-2%
Long-term Debt	<u>260,159</u>	<u>260,278</u>	<u>(119)</u>	0%
TOTAL CAPITALIZATION	<u>480,519</u>	<u>484,551</u>	<u>(4,032)</u>	-1%
CURRENT LIABILITIES				
Long-term Debt Due Within One Year	28,585	28,585	-	0%
Accounts Payable	24,822	24,962	(140)	-1%
Customer Deposits & Other	349,828	326,325	23,503	7%
Fines Subject to Refund	<u>705</u>	<u>705</u>	<u>-</u>	0%
Total Current Liabilities	<u>403,940</u>	<u>380,577</u>	<u>23,363</u>	6%
NONCURRENT LIABILITY AND DEFERRED CREDITS				
Other	<u>1,455</u>	<u>1,455</u>	<u>-</u>	0%
Total Noncurrent Liability and Deferred Credits	<u>1,455</u>	<u>1,455</u>	<u>-</u>	0%
TOTAL LIABILITIES	<u>405,396</u>	<u>382,033</u>	<u>23,363</u>	6%
TOTAL CAPITALIZATION AND LIABILITIES	<u><u>\$ 885,915</u></u>	<u><u>\$ 866,584</u></u>	<u><u>\$ 19,331</u></u>	2%

CALIFORNIA ISO
Capital Projects Report

For the four-months ended April 30, 2011
(dollars in thousands)

	Approved Projects				
	<u>Month</u> <u>Actual</u>	<u>YTD</u> <u>Actual</u>	<u>2011</u> <u>Approved</u> <u>Projects</u>	<u>Total Projected</u> <u>Costs for</u> <u>Approved</u> <u>Projects</u>	<u>Original</u> <u>2011</u> <u>Budget</u>
Customer Focus	\$ 46	\$ 197	\$ 455	\$ 455	
Operational Excellence	270	276	1,048	1,048	
Continuous Transformation	83	144	2,740	2,740	
Reasonable Costs & Essential Projects	215	424	2,263	2,263	
Total 2011 Capital Spending	<u>614</u>	<u>1,041</u>	<u>6,505</u>	<u>6,505</u>	<u>23,500</u>
Iron Point Building	1,308	144,005		160,000	160,000
2010 Capital Projects	<u>817</u>	<u>4,232</u>		<u>13,512</u>	<u>13,512</u>
Total Capital	<u>\$ 2,739</u>	<u>\$ 149,278</u>	<u>\$ 6,505</u>	<u>\$ 180,018</u>	<u>\$ 197,012</u>

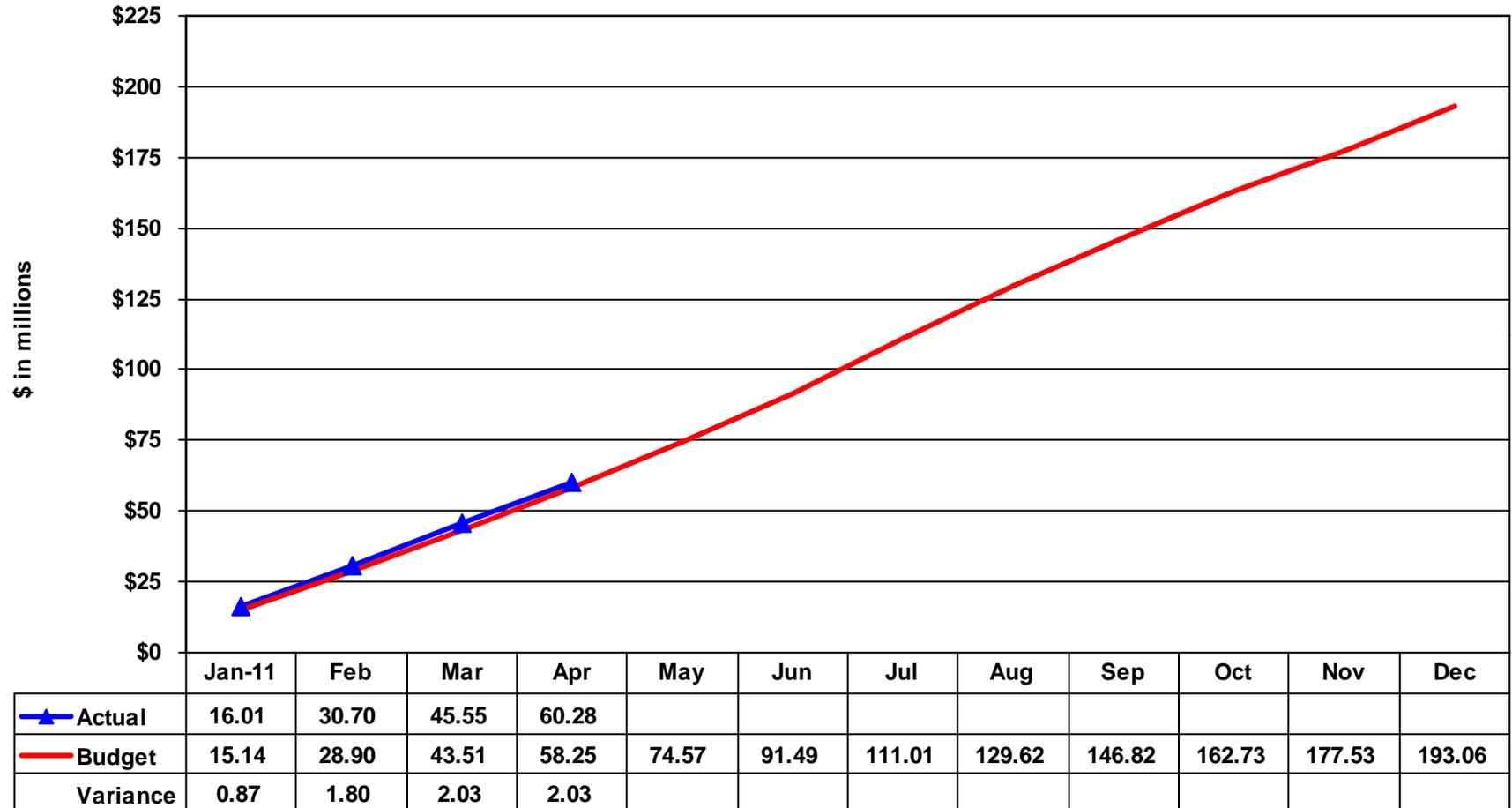
Notes:

Prior year capital projects are funded by prior year rate collections.

The Iron Point Building is funded from 2009 bond proceeds.

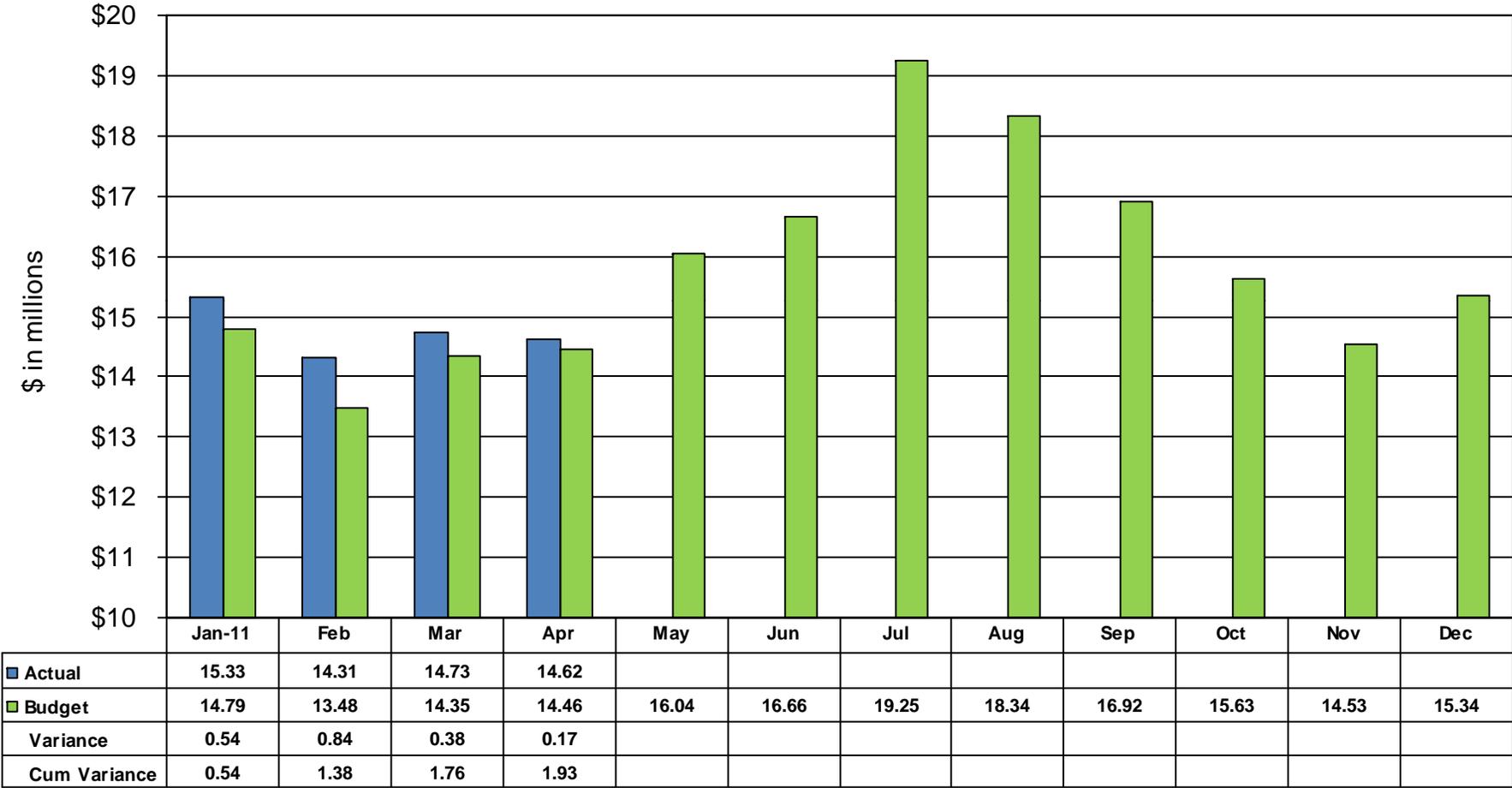
Cumulative Operating Revenues

Revenues = GMC, LGIP, WSCC Security & Other Fees



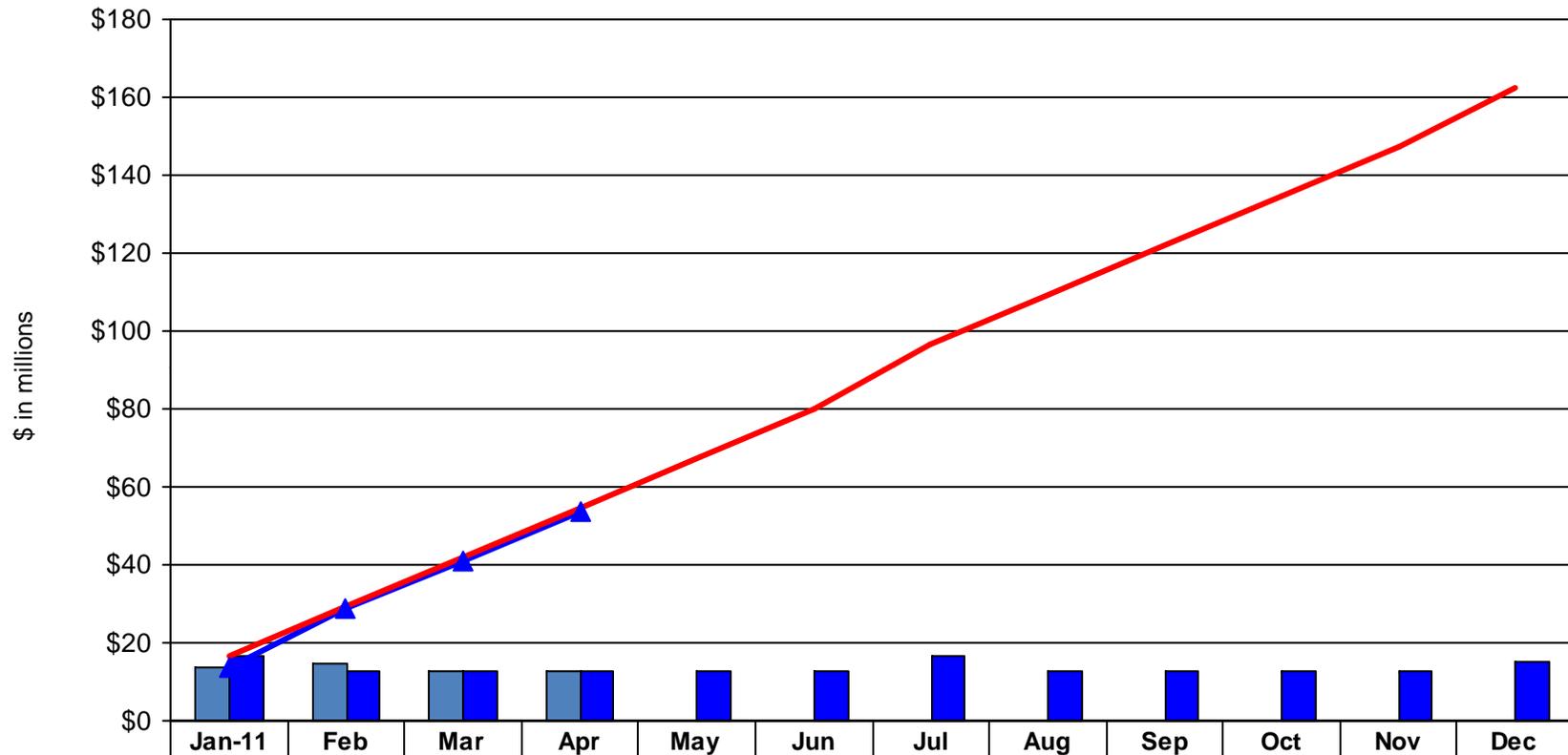
April revenues are estimates.

Monthly GMC Revenues



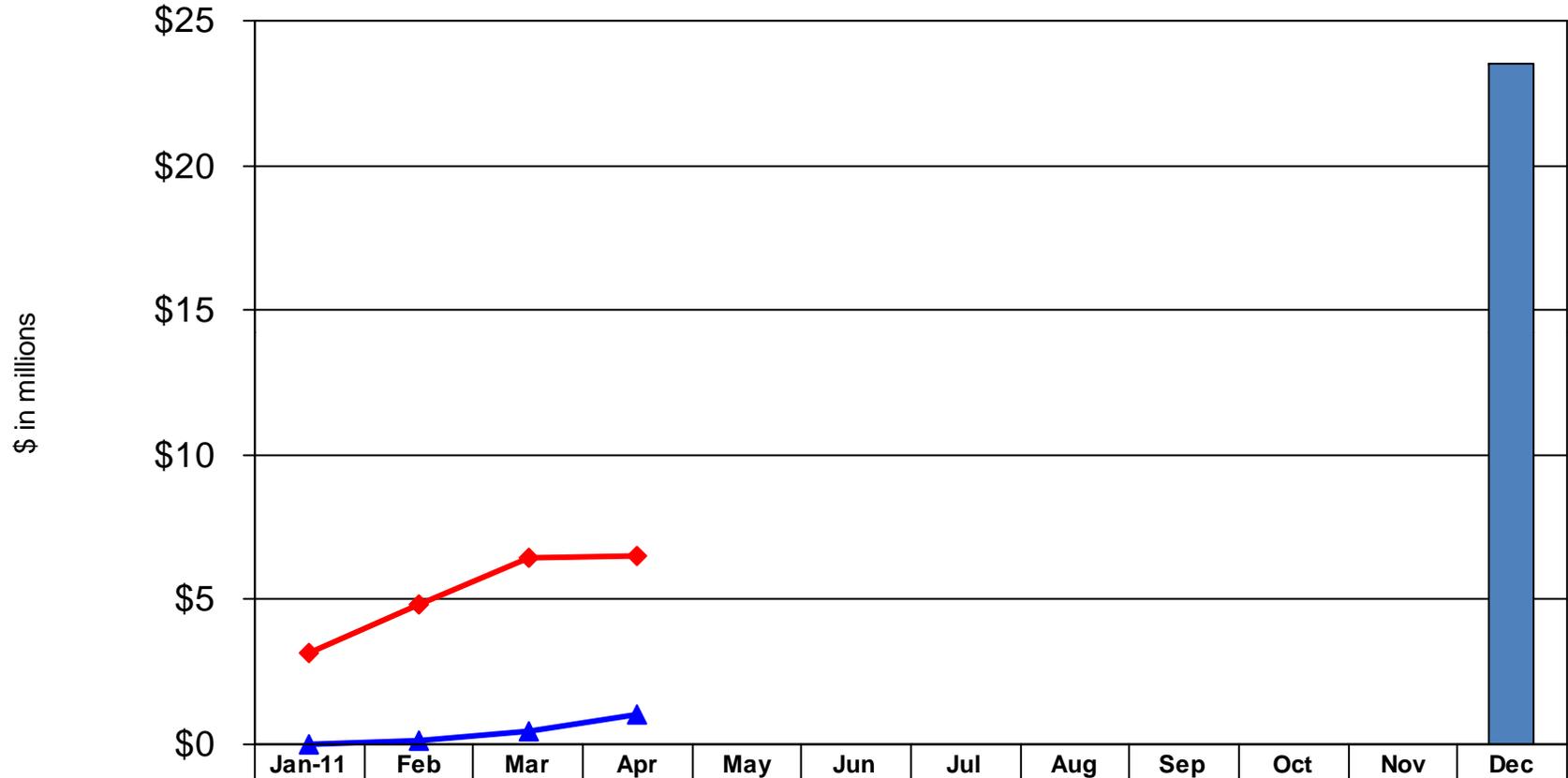
April revenues are estimates.

Operating and Maintenance Expenses (O&M)



	Jan-11	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly Actual	13.85	14.73	12.48	12.68								
Monthly Budget	16.46	12.69	12.75	12.76	12.69	12.70	16.46	12.70	12.69	12.69	12.69	15.25
Cum Actual	13.85	28.58	41.07	53.75								
Cum Budget	16.46	29.15	41.90	54.66	67.36	80.05	96.52	109.21	121.91	134.60	147.29	162.55
Cum Variance	2.61	0.57	0.83	0.92								

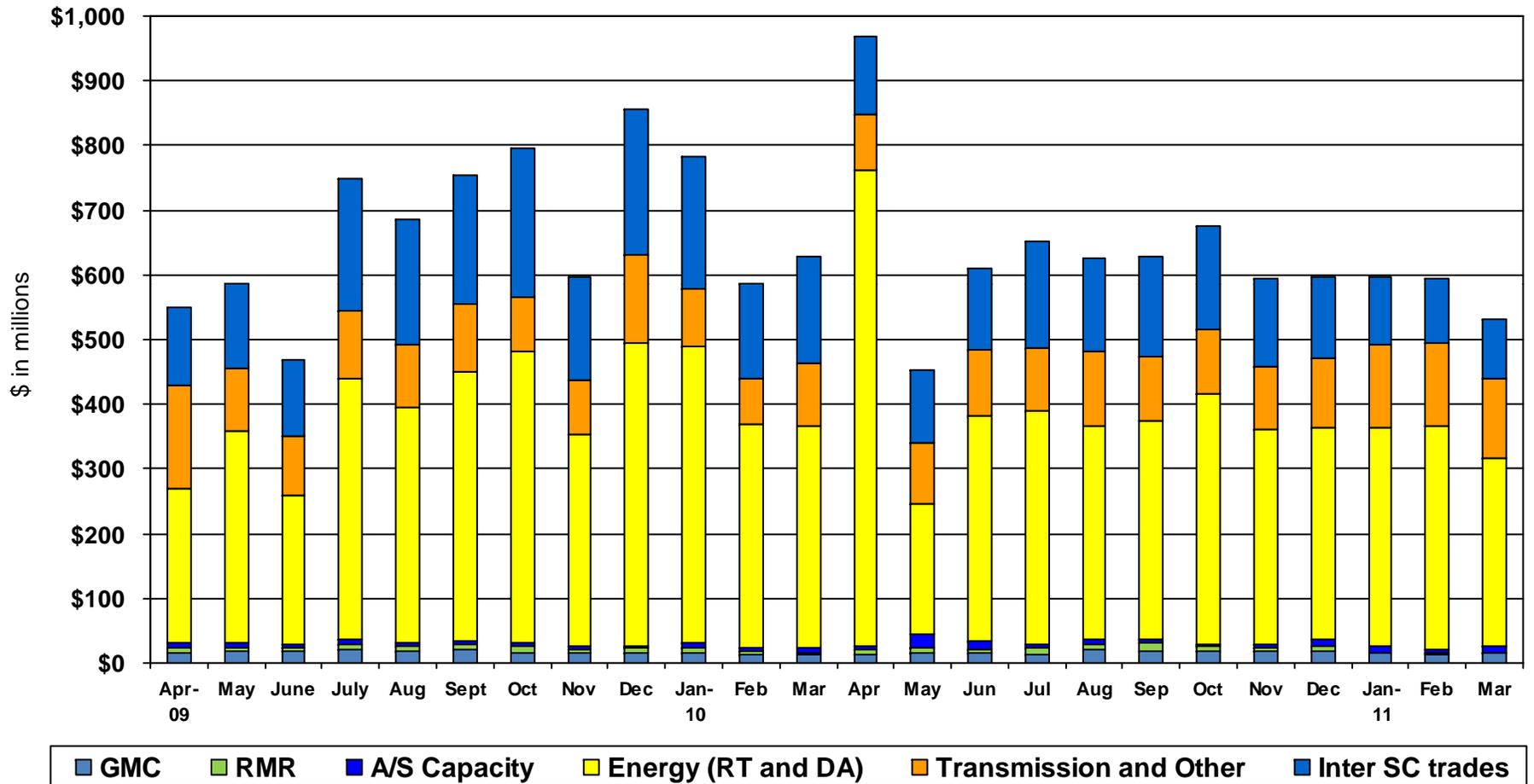
Cumulative Capital Expenditures



Budgeted capital												23.50
Cumulative Expenditures	0.02	0.14	0.43	1.04								
Approved projects	3.16	4.84	6.46	6.51								

CAISO Market Revenues By Month

April 2009 through March 2011



CAISO Market Revenues By Quarter 2nd Quarter 2006 through 1st Quarter 2011

