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July 5, 2005

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Compliance Filing
Docket Nos. ER00-2019-___, *et al.***

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")[1] respectfully submits six copies of the present filing in compliance with the Commission's December 21, 2004 order, 109 FERC ¶ 61,301 ("December 21 Order"), and June 2, 2005 order, 111 FERC ¶ 61,337 ("June 2 Order"), both issued in the captioned dockets.[2]

Firm Transmission Rights ("FTRs")

Commission Review of Allocation of FTRs

In the December 21 Order, the Commission addressed rulings made in the Initial Decision issued in the captioned dockets on March 11, 2004, 106 FERC ¶ 63,026 ("I.D."). As the Commission explained in the December 21 Order, the I.D. found (among other things) that:

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[1] Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A., as filed August 15, 1997, and subsequently revised.

[2] The December 21 Order directed the ISO to "make a compliance filing with respect to the matters directed in this order . . . with[in] thirty days of this order, unless there is a request for rehearing of this order, in which case the ISO must make the filing within thirty days of a final order by the Commission." December 21 Order at Ordering Paragraph (H). Requests for rehearing were filed concerning the December 21 Order. The June 2 Order was the "final order" that addressed the requests for rehearing.

> [T]o ensure that market participants have a full opportunity to litigate the proposed award of FTRs, "the ISO's tariff should be amended to require the ISO to file the proposed awards with the Commission simultaneously with an amendment to the Transmission Control Agreement [ ] regarding each new [Participating] TO. . . . Such a tariff amendment will ensure that provisions regarding the award of FTRs to new [Participating] TOs will not affect any market participants until they are awarded, and *before that occurs, every market participant will be provided notice* of the proposed award and the opportunity to challenge it with full Commission review."

December 21 Order at P 26 (quoting I.D. at P 234) (emphasis omitted). Also, the Commission noted that "this proposed amendment . . . was unopposed by the ISO." December 21 Order at P 26. The Commission directed that "the ISO Tariff provide[s] sufficient detail for the allocation of FTRs to new Participating TOs provided that the ISO files simultaneously with the Commission the amendment to the Transmission Control Agreement regarding each new Participating TO." December 21 Order at P 34. The Commission also "affirm[ed] all other findings and conclusions of law of the presiding judge concerning FTRs." December 21 Order at P 35.

To comply with these Commission directives, the ISO has modified Section 9.4.3 of the ISO Tariff to provide that the ISO will submit to the Commission in the transmittal letter for the amendment to the Transmission Control Agreement the amount of FTRs that has been determined for each New Participating TO. The ISO has also modified Section 9.4.3 to provide that the amount of FTRs that has been determined will not be effective until after the Commission issues an order concerning the filing and the amendment required by Section 9.4.3.

<u>Allocation of FTRs to New Participating TOs that Build High Voltage Transmission Facilities After Becoming Participating TOs</u>

In the December 21 Order, the Commission found that allocation of FTRs to New Participating TOs that build High Voltage Transmission Facilities after becoming Participating TOs "is inconsistent with the limited purpose of such allocations to encourage expansion of the ISO; therefore, the Commission [directed] the ISO to clarify that ISO Tariff section 9.4.3 does not permit such allocation." December 21 Order at P 36. The ISO has modified Section 9.4.3 in accordance with this directive.

Disbursement of Usage Charge Revenues to New Participating TOs

In the December 21 Order, the Commission directed the ISO to amend Section 7.3.1.6 of the ISO Tariff to account for a situation where a New Participating TO has been awarded FTRs pursuant to Section 9.4.3 of the ISO Tariff over a jointly-owned interface with an Original Participating TO; in that situation, the Commission found, the New Participating TO should not participate in the disbursement of Usage Charge revenues (as a New Participating TO) based on capacity for which the ISO has not auctioned FTRs. December 21 Order at P 37. The New Participating TO will continue to receive Usage Charge revenues as a FTR holder in accordance with Section 7.3.1.6(i), but will not be allocated a share of Usage Charge revenues when the allocation is made to Participating TOs. The ISO has modified Section 7.3.1.6 to comply with this directive, using the proposed language that the I.D. had approved. *See* I.D. at P 250 (citing Exh. ISO-33 at 22:19-23:10; Exh. SCE-1 at 33:17-34:12).[3]

Revised Definition of Transmission Revenue Credit

In the December 21 Order, the Commission directed the ISO to amend the definition of the term Transmission Revenue Credit to "account for the two roles of original Participating TOs as transmission owners and load serving entities." December 21 Order at P 38. The ISO has modified the definition to comply with this directive, using the proposed language that the I.D. had approved. *See* I.D. at PP 253, 257 (citing Exh. SCE-1 at 30:19-31:6, 31:8-12, 31:17-32:20; Exh. ISO-33 at 21:21-22:11; Exh. S-5 at 41:16-17).

High-Low Voltage Split

Procedure to be Included in the ISO Tariff

In the December 21 Order, the Commission affirmed the finding in the I.D. that the ISO's Procedure for Division of Certain Costs Between the High and Low Voltage Transmission Access Charges ("Procedure") should be included in the ISO Tariff. December 21 Order at P 50; *see also* I.D. at P 291. To comply with this directive, the ISO has included the Procedure in new Section 12 of Schedule 3 of Appendix F of the ISO Tariff (and has modified Section 11.1 of that portion of the ISO Tariff accordingly).

Specific Provisions of the Procedure

In the October 21 Order, the Commission found that "the presiding judge reasonably adopted Staff's alternative proposal that where there is insufficient

[3] References in the present filing to numbered exhibits signify exhibits filed in the proceedings in which the I.D., December 21 Order, and June 2 Order were issued.

information available to allocate step-down transformer costs between High Voltage TRR and Low Voltage TRR, these costs should be allocated in accordance with the ISO's allocation procedures for other substation facilities." December 21 Order at P 46; *see also* I.D. at P 290. Section 12.1(a)(iv) of Schedule 3 of Appendix F complies with this directive.

The Commission also approved the proposal of Pacific Gas and Electric Company ("PG&E") concerning the division of the Transmission Revenue Balancing Account between High and Low Voltage Transmission Revenue Requirements. December 21 Order at P 45.[4] The Commission directed the ISO to submit revised ISO Tariff sheets that reflect PG&E's proposal. December 21 Order at P 45. To comply with this directive, the ISO has included the PG&E materials in subsection (e) of the Procedure.

Materials Included with the Present Filing

The tariff revisions described above are shown in the revised sheets provided in Attachment A to the present filing, and are shown in black-line format in Attachment B. Additionally, the ISO submits, in Attachment C, a form notice of filing suitable for publication in the Federal Register. This filing has been served upon all parties on the official service list for the captioned docket. Further, the ISO has posted this filing on the ISO Home Page.

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are questions concerning this filing, please contact the undersigned.

Respectfully submitted,

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[4] *PG&E's proposal is described in Exh. PGE-2 at 10:22-11:18. I.D. at P 281 n.89. The I.D.* noted that the ISO stated that it did not object to such a change to its Tariff. I.D. at P 281 (citing Exh. ISO-33 at 27:10-16).

ATTACHMENT A

Scheduling Coordinators from the Usage Charge fees paid by Scheduling Coordinators. The net Usage Charge revenues collected by the ISO for each Inter-Zonal Interface shall be, subject to the provisions of Section 7.3.1.7 of the ISO Tariff, paid to: (i) FTR Holders, in accordance with Section 9.6; and (ii) to the extent not paid to FTR Holders, to Participating TOs who own the Inter-Zonal Interfaces and Project Sponsors as provided in Section 3.2.7.3. If a New Participating TO has received FTRs, pursuant to Section 9.4.3, over an Inter-Zonal Interface, the MW of FTRs received shall not be eligible for the disbursement of Usage Charge revenues under part (ii) of this section. Participating TOs will credit in turn the Usage Charge revenue to their Transmission Revenue Balancing Accounts, or, for those Participating TOs that do not have such accounts, to their Transmission Revenue Requirements.

7.3.1.7 ISO Debit of Net Usage Charge Revenues. If, after the issuance of Final Day-Ahead Schedules by the ISO, (a) Participating TOs instruct the ISO to reduce interface limits based on operating conditions or (b) an unscheduled transmission Outage occurs and as a result of either of those events, Congestion is increased and Available Transfer

FTR Market in the first round of the auction was less than the quantity of FTRs being made available for that FTR Market, the price of FTRs in that FTR Market shall be the first round price and each FTR Bidder in that FTR Market will receive a number of FTRs equal to the quantity of bids they submitted in the first round. Any remaining FTRs in that FTR Market will not be awarded in that auction.

9.4.2.7 Each FTR Bidder shall pay the ISO an amount equal to the sum, for all FTR Markets, of the products of the FTR price in each FTR Market (determined in accordance with Section 9.4.2.6) and the total quantity of FTRs awarded to that FTR Bidder in that FTR Market (determined in accordance with Section 9.4.2.4 or Section 9.4.2.5, as applicable). FTR Bidders shall pay the amount determined in accordance with the foregoing sentence within ten (10) Business Days of receiving an invoice from the ISO by making payment to the ISO Clearing Account in accordance with Section 11.10. If the FTR Bidder fails to make timely payment of the full amount due, the ISO may enforce any guarantee, letter of credit or other credit support provided by the defaulting FTR Bidder in accordance with Section 9.2.6 and, if the ISO is required to institute proceedings to collect any unpaid amount, the defaulting FTR Bidder shall pay Interest on the unpaid amount for the period from the Payment Date until the date on which payment is remitted to the ISO Clearing Account.

9.4.2.8 The ISO shall post on the ISO Home Page the prices at which FTRs are sold in each FTR Market through the primary auction.

9.4.3 For the ten-year transition period described in Section 4 of Schedule 3 to Appendix F, a New Participating TO that has an obligation to serve Load shall receive FTRs for Inter-Zonal Interfaces to which the transmission facilities and Converted Rights for Inter-Zonal Interfaces that the New Participating TO turns over to the ISO's Operational Control give it transmission rights, provided such transmission facilities are Existing High Voltage Facilities. The amount of FTRs will be determined when the Transmission Control Agreement is executed and shall be commensurate with the transmission capacity the New Participating TO is turning over to ISO Operational Control. The ISO will submit to FERC in the transmittal letter for the amendment to the Transmission Control Agreement regarding each New Participating TO the amount of FTRs allocated to such New Participating TO. The amount of FTRs that has been determined will not be effective until after FERC issues an order concerning the amendment required by this section. No additional FTRs will be issued to New Participating TOs for building High Voltage Transmission Facilities after they become Participating TOs. FTRs issued in accordance with this section shall entitle the FTR Holder to receive Usage Charge revenues and to priority in the scheduling of Energy in the Day-Ahead Market in accordance with the provisions of the ISO Tariff. FTRs associated with Converted Rights shall terminate on the earlier of termination of the Existing Contract or the end of the ten-year transition period.

9.5 Distribution of Auction Revenues Received by the ISO for Firm Transmission Rights

9.5.1 For each Inter-Zonal Interface and direction for which an FTR is defined, the total proceeds *received by the ISO through the auction described in Section 9.4 shall be allocated and paid by the* ISO to the Participating TO that is entitled in accordance with Section 7.3.1.6 to receive Usage Charge revenues with respect to the corresponding Inter-Zonal Interface. Each Participating TO shall credit its FTR auction proceeds against its high voltage TRBA if the FTR is for a High Voltage Transmission Facility or against its low voltage TRBA if the FTR is a for a Low Voltage *Transmission Facility.*

9.5.2 In the event the transmission facilities or rights making up an Inter-Zonal Interface with respect to which FTRs are defined are owned by more than one Participating TO, the proceeds of the auction of such FTRs shall be allocated to those Participating TOs who auction FTRs in proportion to the FTRs associated with their Inter-Zonal Interface as of the date of the FTR auction compared to all FTRs auctioned for such Inter-Zonal Interface.

9.5.3 In the event the transmission facilities or rights making up an Inter-Zonal Interface with respect to which FTRs are defined have been upgraded resulting in increased transmission capacity on the Inter-Zonal Interface, and the costs of construction and operation were paid for by a Project Sponsor pursuant to Section 3.2.7.1 and were not included in the ISO's transmission Access Charge or a reimbursement or direct payment from a Participating TO, the proceeds of the auction of such

Transition Charge	*The component of the Access Charge collected by the ISO with* the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3.
Transition Period	The period of time established by the California Legislature and CPUC to allow IOUs and Local Publicly Owned Electric Utilities an opportunity to recover Transition Costs or Severance Fees.
Transmission Losses	Energy that is lost as a natural part of the process of transmitting Energy from Generation to Load delivered at the ISO/UDC boundary or Control Area boundary.
Transmission Revenue Credit	For an Original Participating TO, the proceeds received from the ISO for (1) the sum of: (a) Wheeling service, (b) the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols, (c) Usage Charge revenues received by the Participating TO (but not those attributable to the Participating TO as a FTR Holder), plus (d) FTR auction revenues received by the Participating TO; minus (2) any charges attributable to the Participating TO (but not those attributable to the Participating TO as a FTR Holder) pursuant to Section 7.3.1.7. For a New Participating TO during the 10-year transition period described in Section 4 of Schedule 3 of Appendix F, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols. After the 10-year transition period, the New Participating TO Transmission

times the actual Gross Load of such UDCs and MSS Operators ("Utility-specific HVAC"); or

(ii) for a Participating TO that is not a UDC or MSS Operator and that does not have Gross Load in its TO Tariff in accordance with Appendix F, Schedule 3, Section 9, then calculate the Participating TO's portion of the total Billed HVAC/TC in subsection (a) based on the ratio of the Participating TO's High Voltage Transmission Revenue Requirement to the sum of all Participating TOs' High Voltage Revenue Requirements.

(c) *if the total Billed HVAC/TC in subsection (a) received by the ISO less the total* dollar amounts calculated in Utility-specific HVAC in subsection (b)(i) and subsection (b)(ii) is different from zero, the ISO shall allocate the positive or negative difference among those Participating TOs that are subject to the calculations in subsection (b)(i) based on the ratio of each Participating TO's High Voltage Transmission Revenue Requirement to the sum of all of those Participating TOs' High Voltage Transmission Revenue Requirements that are subject to the calculations in subsection (b)(i). This monthly distribution amount is the "HVAC Revenue Adjustment";

(d) the sum of the HVAC revenue share determined in subsection (b) and the HVAC Revenue Adjustment in subsection (c) will be the monthly disbursement to the Participating TO.

10.2 If the same entity is both a Participating TO and a UDC or MSS Operator, then the monthly High Voltage Access Charge and Transition Charge amount billed by the ISO will be the charges payable by the UDC or MSS Operator in accordance with Section 7.1.2 of the ISO Tariff less the disbursement determined in accordance with Section 10.1(d). If this difference is negative, that amount will be paid by the ISO to the Participating TO.

11 Determination of Transmission Revenue Requirement Allocation Between High Voltage and Low Voltage Transmission Facilities.

11.1 Each Participating TO shall allocate its Transmission Revenue Requirement between the *High Voltage Transmission Revenue Requirement and Low Voltage Transmission* Revenue Requirement based on the Procedure for Division of Certain Costs Between the High and Low Voltage Transmission Access Charges contained in Section 12 of this Schedule.

12 Procedure for Division of Certain Costs Between the High and Low Voltage Transmission Access Charges.

12.1 Division of Costs:

(a) Substations

Costs for substations and substation equipment, including transformers:

(i) If the Participating TO has substation TRR information by facility and voltage, then the TRR for facilities and equipment at or above 200 kV should be allocated to the HVTRR and the TRR for facilities and equipment below 200 kV should be allocated to the LVTRR;

(ii) If the Participating TO has substation TRR information by facility but not by voltage, then the TRR for facilities and equipment should be allocated to the HVTRR and to the LVTRR based on the ratio of gross substation investment allocated to HVTRR to gross substation investment allocated to LVTRR pursuant to Section 12.1(a)(i); or

(iii) If the Participating TO does not have substation TRR information by facility or voltage, then the TRR for facilities and equipment should be allocated to the HVTRR and to the LVTRR based on the Participating TO's transmission system-wide gross plant ratio. The system-wide gross plant ratio is determined once the costs that can be split between High Voltage and Low Voltage for all facilities has been developed in accordance with Sections 12.1(a) through (c), then the resulting cost ratio between High Voltage and Low Voltage shall be used as the system-wide gross plant ratio.

(iv) Costs of transformers that step down from high voltage (200 kV or above) to low voltage, to the extent the Participating TO does not have the revenue requirement information available on a voltage basis, should be allocated consistent with the procedures for substations addressed above.

(b) Transmission Towers and Land with Circuits on Multiple Voltages

For transmission towers that have both High Voltage and Low Voltage facilities on the same tower, the cost of these assets should be allocated two-thirds to the HVTRR and one-third to the LVTRR. If the transmission tower has only High Voltage facilities, then the costs of these assets should be allocated entirely to the HVTRR. If the transmission tower has only Low Voltage facilities, then the TRR of these assets should be allocated entirely to the LVTRR. Provided that the Participating TO does not have land cost information available on a voltage basis, in which case the costs should be allocated based on the bright-line of the voltage levels, the costs for land used for transmission rights-of-way for towers that have both High Voltage and Low Voltage wires should be allocated two-thirds to the HVTRR component and one-third to the LVTRR.

(c) Operation and Maintenance, Transmission Wages & Salaries, Taxes, Depreciation and Amortization, and Capital Costs

If the Participating TO can delineate costs for transmission operations and maintenance (O&M), transmission wages and salaries, taxes, depreciation and amortization, or capital costs on a voltage basis, the costs shall be applied on a bright-line voltage basis. If the costs for O&M, transmission wages and salaries, taxes, depreciation and amortization, or capital costs, are not available on voltage levels, the allocation to the HVTRR and the LVTRR should be based on the Participating TO's system-wide gross plant ratio defined in Section 12.1(a).

(d) Existing Transmission Contracts

If the take-out point for the Existing Contract is a High Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR of the Participating TO receiving such revenue. Similarly, the Participating TO that is paying charges under such an Existing Contract may include the costs in its HVTRR. If the take-out point for the Existing Contract is a Low Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR and the LVTRR of the receiving Participating TO based on the ratio of the Participating TO's HVTRR to its LVTRR, prior to any adjustments for such revenues. The Participating TO that is paying the charges under the Existing Contract will include the costs in its HVTRR and LVTRR in the same ratio as the revenues are recognized by the Participating TO receiving the payments.

(e) Division of the TRBAA between HVTRR and LVTRR

(i) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at High Voltage Scheduling Points or Take-Out Points shall be reflected as High Voltage components;

(ii) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at Low Voltage Scheduling Points or Take-Out Points shall be attributed between High Voltage and Low Voltage TRBAA components based on the High Voltage and Low Voltage Wheeling Access Charge rates assessed to such transactions by the ISO and/or the Participating TO;

(iii) FTR revenues shall be assigned to High Voltage or Low Voltage components based on the voltage of the path related to the FTR;

(iv) Usage Charge revenues shall be allocated between High Voltage and Low Voltage components on a gross plant basis; and

(v) Other Transmission Revenue Credits shall be allocated between High Voltage and Low Voltage components on a gross plant basis.

ATTACHMENT B

7.3.1.6 ISO Disbursement of Net Usage Charge Revenues. The ISO will determine the net Usage Charges on an interface-by-interface basis by subtracting the Usage Charge fees paid to Scheduling Coordinators from the Usage Charge fees paid by Scheduling Coordinators. The net Usage Charge revenues collected by the ISO for each Inter-Zonal Interface shall be, subject to the provisions of Section 7.3.1.7 of the ISO Tariff, paid to: (i) FTR Holders, in accordance with Section 9.6; and (ii) to the extent not paid to FTR Holders, to Participating TOs who own the Inter-Zonal Interfaces and Project Sponsors as provided in Section 3.2.7.3. If a New Participating TO has received FTRs, pursuant to Section 9.4.3, over an Inter-Zonal Interface, the MW of FTRs received shall not be eligible for the disbursement of Usage Charge revenues under part (ii) of this section. Participating TOs will credit in turn the Usage Charge revenue to their Transmission Revenue Balancing Accounts, or, for those Participating TOs that do not have such accounts, to their Transmission Revenue Requirements.

* * *

9.4.3 For the ten-year transition period described in Section 4 of Schedule 3 to Appendix F, a New Participating TO that has an obligation to serve Load shall receive FTRs for Inter-Zonal Interfaces to which the transmission facilities and Converted Rights for Inter-Zonal Interfaces that the New Participating TO turns over to the ISO's Operational Control give it transmission rights, provided such transmission facilities are Existing High Voltage Facilities. The amount of FTRs will be determined when the Transmission Control Agreement is executed and shall be commensurate with the transmission capacity the New Participating TO is turning over to ISO Operational Control. The ISO will submit to FERC in the transmittal letter for the amendment to the Transmission Control Agreement regarding each New Participating TO the amount of FTRs allocated to such New Participating TO. The amount of FTRs that has been determined will not be effective until after FERC issues an order concerning the amendment required by this section. No additional FTRs will be issued to New Participating TOs for building High Voltage Transmission Facilities after they become Participating TOs. FTRs issued in accordance with this section shall entitle the FTR Holder to receive Usage Charge revenues and to priority in the scheduling of Energy in the Day-Ahead Market in accordance with the provisions of the ISO Tariff. FTRs associated with Converted Rights *shall terminate on the earlier of termination of* the Existing Contract or the end of the ten-year transition period.

* * *

ISO TARIFF APPENDIX A

Master Definitions Supplement

* * *

Transmission Revenue Credit

For an Original Participating TO, the proceeds received from the ISO for (1) the sum of: (a) Wheeling service, ~~FTR auction revenue and Usage Charges, plus~~(b) the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols, (c) Usage Charge revenues received by the Participating TO (but not those attributable to the Participating TO as a FTR Holder), plus (d) FTR auction revenues received by the Participating TO; minus (2) any charges attributable to the Participating TO (but not those attributable to the Participating TO as a FTR Holder) pursuant to Section 7.3.1.7. For a New Participating TO during the 10-year transition period described in Section 4 of Schedule 3 of Appendix F, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols. After the 10-year transition period, the New Participating TO Transmission Revenue Credit shall be calculated the same as the Transmission Revenue Credit for the Original Participating TO.

* * *

ISO Tariff Appendix F

Schedule 3

High Voltage Access Charges

* * *

11 Determination of Transmission Revenue Requirement Allocation Between High Voltage and Low Voltage Transmission Facilities.

11.1 Each Participating TO shall allocate its Transmission Revenue Requirement between the High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement based on the "Procedure for Division of Certain Costs Between the High and Low Voltage Transmission Access Charges" contained in Section 12 of this *Schedule*. ~~posted on the ISO Home Page.~~

12 Procedure for Division of Certain Costs Between the High and Low Voltage Transmission Access Charges

12.1 Division of Costs:

(a) Substations

Costs for substations and substation equipment, including transformers:

(i) If the Participating TO has substation TRR information by facility and voltage, then the TRR for facilities and equipment at or above 200 kV should be allocated to the HVTRR and the TRR for facilities and equipment below 200 kV should be allocated to the LVTRR;

(ii) If the Participating TO has substation TRR information by facility but not by voltage, then the TRR for facilities and equipment should be allocated to the HVTRR and to the LVTRR based on the ratio of gross substation investment allocated to HVTRR to gross substation investment allocated to LVTRR pursuant to Section 12.1(a)(i); or

(iii) If the Participating TO does not have substation TRR information by facility or voltage, then the TRR for facilities and equipment should be allocated to the HVTRR and to the LVTRR based on the Participating TO's transmission system-wide gross plant ratio. The system-wide gross plant ratio is determined once the costs that can be split between High Voltage and Low Voltage for all facilities has been developed in accordance with Sections 12.1(a) through (c), then the resulting cost ratio between High Voltage and Low Voltage shall be used as the *system-wide gross plant ratio*.

(iv) Costs of transformers that step down from high voltage (200 kV or above) to low voltage, to the extent the Participating TO does not have the revenue requirement information available on a voltage basis, should be allocated consistent with the procedures for substations addressed above.

(b) Transmission Towers and Land with Circuits on Multiple Voltages

For transmission towers that have both High Voltage and Low Voltage facilities on the same tower, the cost of these assets should be allocated two-thirds to the HVTRR and one-third to the LVTRR. If the transmission tower has only High Voltage facilities, then the costs of these assets should be allocated entirely to the HVTRR. If the transmission tower has only Low Voltage facilities, then the TRR of these assets should be allocated entirely to the LVTRR. Provided that the Participating TO does not have land cost information available on a voltage basis, in which case the costs should be allocated based on the bright-line of the voltage levels, the costs for land used for transmission rights-of-way for towers that have both High Voltage and Low Voltage wires should be allocated two-thirds to the HVTRR component and one-third to the LVTRR.

(c) Operation and Maintenance, Transmission Wages & Salaries, Taxes, Depreciation and Amortization, and Capital Costs

If the Participating TO can delineate costs for transmission operations and maintenance (O&M), transmission wages and salaries, taxes, depreciation and amortization, or capital costs on a voltage basis, the costs shall be applied on a bright-line voltage basis. If the costs for O&M, transmission wages and salaries, taxes, depreciation and amortization, or capital costs, are not available on voltage levels, the allocation to the HVTRR and the LVTRR should be based on the Participating TO's system-wide gross plant ratio defined in Section 12.1(a).

(d) Existing Transmission Contracts

If the take-out point for the Existing Contract is a High Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR of the Participating TO receiving such revenue. Similarly, the Participating TO that is paying charges under such an Existing Contract may include the costs in its HVTRR. If the take-out point for the Existing Contract is a Low Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR and the LVTRR of the receiving Participating TO based on the ratio of the Participating TO's HVTRR to its LVTRR, prior to any adjustments for such revenues. The Participating TO that is paying the charges under the Existing Contract will include the costs in its HVTRR and LVTRR in the same ratio as the revenues are recognized by the Participating TO receiving the payments.

(e) Division of the TRBAA between HVTRR and LVTRR

(i) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at High Voltage Scheduling Points or Take-Out Points shall be reflected as High Voltage components;

(ii) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at Low Voltage Scheduling Points or Take-Out Points shall be attributed between High Voltage and Low Voltage TRBAA components based on the High Voltage and Low Voltage Wheeling Access Charge rates assessed to such transactions by the ISO and/or the Participating TO;

(iii) FTR revenues shall be assigned to High Voltage or Low Voltage components based on the voltage of the path related to the FTR;

(iv) Usage Charge revenues shall be allocated between High Voltage and Low Voltage components on a gross plant basis; and

(v) Other Transmission Revenue Credits shall be allocated between High Voltage and Low Voltage components on a gross plant basis.

ATTACHMENT C

NOTICE OF FILING SUITABLE FOR PUBLICATION IN THE FEDERAL REGISTER

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

California Independent System Operator Corporation	)	**Docket Nos. ER00-2019-___**
	)	**ER01-819-___**
	)	**and ER03-608-___**

Notice of Filing

[ ]

Take notice that on April 25, 2005, the California Independent System Operator Corporation (ISO) submitted a filing in compliance with the Commission's December 21, 2004 order, 109 FERC ¶ 61,301, and June 2, 2005 order, 111 FERC ¶ 61,337, both issued in the captioned dockets.

The ISO states that this filing has been served upon all parties on the official service list for the captioned dockets. In addition, the ISO has posted this filing on the ISO Home Page.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at http://www.ferc.gov, using the **eLibrary** (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: ___________