

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

Oakland Power Company, LLC)

Docket No. ER22-290-002

**OBJECTIONS OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION TO OAKLAND POWER’S
AMENDMENT TO COMPLIANCE FILING**

On February 22, 2022, Oakland Power Company, LLC (“Oakland”) submitted a compliance filing (“Compliance Filing”) to notify the Federal Energy Regulatory Commission (the “Commission”) of the implementation of certain completed Capital Items. Oakland made this filing pursuant to the December 30, 2021 order of the Commission in this proceeding. In its Compliance Filing, Oakland noted that it did not have final cost information for two Capital Items, and it indicated it would make a further filing when that information became available. On March 17, 2022, Oakland made that further filing, styled “Amendment to Notice of Oakland Power Company LLC Implementation of Capital Items.”

On March 15, 2022, the California Independent System Operator Corporation (“CAISO”) filed with the Commission objections to the February 22 Oakland Compliance Filing. Specifically, the CAISO objected to the filing on the following grounds:

- i) Oakland failed to provide supporting invoices, and did not invoke the ADR provisions of the RMR Agreement, thus failing to satisfy its burden under the RMR Agreement to justify its costs for the Capital Items in question.
- ii) Oakland sought to depreciate the Capital Items over a five-year period, instead of the ten-year period provided for in Oakland’s RMR Agreement.

- iii) Oakland claimed a 100% bonus tax depreciation not provided for under the RMR Agreement, without explaining why it is entitled to such an adjustment.
- iv) Oakland sought to recover income tax expense on its RMR Agreement-authorized rate of return of 12.25% when the RMR Agreement makes no provision for recovering such a cost, but instead bases cost recovery on a pre-tax basis.
- v) Oakland employed straight-line depreciation of the capital base while applying a levelized formula for calculating an annual Capital Item Surcharge for each Schedule L-1 Project, notwithstanding the fact that, historically, RMR Owners have amortized their cost recovery so that the costs to ratepayers remain constant over the life of a Capital Item.

Oakland's amended filing calculates costs including the two additional Capital Items in the same manner that the CAISO objected to in its March 15 filing, and the CAISO's objections, as described in greater detail in the March 15 filing, stand and apply with equal force to the two additional Capital Items.

The CAISO also noted in its March 15 filing that Oakland and the CAISO are actively engaged in settlement discussions concerning many of these issues. It repeats its previously articulated request that the Commission allow those settlement talks to proceed and make any changes in rates that it might approve based on the February 22 and March 17 Compliance Filings subject to refund.

Conclusion

As set forth above, the CAISO respectfully requests that the Commission make any order it might issue approving the requested change in rates subject to refund and that, consistent with its December 30 order setting this proceeding for settlement judge procedures, it defer any other

action on the filing in order to avoid what might prove to be an unnecessary contested hearing over the costs Oakland seeks to recover.

Respectfully submitted,

/s/ Mary Anne Sullivan
Mary Anne Sullivan

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Dated: March 18, 2022

CERTIFICATE OF SERVICE

I hereby certify that I have this 18th day of March 2022, caused to be served a copy of the forgoing Objections of the California Independent System Operator Corporation to Oakland Power's Amendment to Compliance Filing upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

/s/Mary Anne Sullivan
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