

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

**Sierra Pacific Power Company**

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**Docket No. ER99-945-000**

**RENEWED MOTION TO INTERVENE AND COMMENTS OF  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214, and the Commission's January 11, 1999 Notice of Filing, the California Independent System Operator Corporation ("ISO") hereby renews its motion to intervene and submits additional comments in the-above-captioned proceeding.

**I. COMMUNICATIONS**

Please address communications concerning this filing to the following persons:

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**II. BACKGROUND**

On December 17, 1998, Sierra Pacific Power Company ("Sierra") filed for Commission approval in the above-captioned docket a partially executed Operating and Scheduling Agreement ("O & S Agreement") between Sierra, the Bonneville Power Administration ("Bonneville"), and PacifiCorp relating to the Alturas Intertie Project. The Alturas Intertie Project consists of an

approximately 200 mile long 345 kV transmission line from Sierra's North Valley Road Substation, north of Reno, Nevada, to Sierra's Hilltop Substation near Alturas California. The Project is interconnected with Bonneville's Malin-Warner transmission line, located in Bonneville's control area, and terminates at PacifiCorp's Malin Substation facilities. The Alturas Intertie was energized in December 1998 shortly after the O & S Agreement was filed with the Commission.

Sierra had previously submitted an Interconnection and Operation and Maintenance Agreement for the Alturas Intertie ("Interconnection Agreement") in Docket No. ER99-28. The ISO filed a Motion to Intervene in that docket but raised no substantive issues concerning the Interconnection Agreement. In that Motion, the ISO reserved the right to address any operational or scheduling issues related to the Alturas Intertie Project in the future.

A number of other parties, including various California utilities, submitted motions to intervene, comments, and/or protests in Docket No. ER99-28. Those intervenors and protestors state that the Alturas Intertie project will reduce the interregional transfer capability of the California utilities to schedule power over the California-Oregon Intertie ("COI") due to constraints on the Northwest AC Intertie north of the COI. They maintain that the operation of the Alturas Intertie would therefore be contrary to prior Commission opinions and would interfere with the pre-existing rights of California utilities unless certain measures are taken to address the impact of the Alturas Intertie on the transfer capability between the Pacific Northwest and California.

On November 30, 1998, the Commission issued an order in Docket No. ER99-28 acting on the Interconnection Agreement filing and addressing these concerns. Sierra Pacific Power Company, 85 FERC ¶ 61,314 (1998) ("November 30 Order"). The Commission accepted the Interconnection Agreement, but directed the parties to the Agreement and the intervenors and protestors to negotiate operational procedures to ensure that the operation of the Alturas Intertie "does not jeopardize the

reliability of the neighboring systems or diminish their ability to utilize their systems, including the Northwest AC Intertie." November 30 Order, slip op. at 6. The Commission further explained: "Utilities that choose to interconnect bear the responsibility to exercise all appropriate measures to resolve operational problems on a mutually acceptable basis." Id.

In the transmittal letter for Sierra's December 17 filing of the partially-executed O & S Agreement in the instant docket, Sierra acknowledged that issues related to transfer capability between California and the Pacific Northwest still needed to be resolved through further negotiations but contended that the O & S Agreement could be accepted by the Commission without prejudice to the resolution of those issues. The Commission issued a Notice of Filing for the partially-executed O & S Agreement on December 22, 1998, with interventions and protests due by January 7, 1999.

On December 30, 1998, Sierra filed a Notice of Compliance, Request for Clarification, and in the Alternative, Request for Rehearing in Docket No. ER99-28. In this submittal, Sierra informed the Commission of a vote taken on the O& S Agreement by the WSCC Operating Capability Study Group ("OCSG") on December 18, 1998. Sierra contends that the OCSG vote is evidence that the operating procedures necessary to protect reliability and other operational concerns are encompassed in the O & S Agreement submitted in the instant docket and that Sierra has therefore complied with the Commission's directive to develop appropriate operating procedures pursuant to the November 30 Order. On the same date, a number of other parties submitted motions for clarification and/or requests for rehearing in Docket No. ER99-28 generally asserting that the O & S Agreement did not contain "mutually acceptable" operating procedures developed through negotiations with other parties

as directed by the November 30 Order and requesting that the Commission take some further action to address the outstanding issues in that docket.<sup>1</sup>

On January 7, 1999, the ISO filed its Motion to Intervene and Comments in the above-captioned proceeding ("January 7 Motion"). Numerous other parties also submitted motions to intervene as well as protests, motions to reject, and/or requests for suspension and hearing in this proceeding. The protestors generally raise the same objections raised in Docket No. ER99-28.<sup>2</sup> These protestors state that the O & S Agreement submitted in the present docket is inextricably linked with the outstanding issues in Docket No. ER99-28 and that it cannot be accepted by the Commission until those issues are resolved. They repeat claims that negotiations attempted both through the WSCC and independently have failed to result in the development of "mutually acceptable" operating procedures that resolve interregional transfer capability issues to the satisfaction of all parties affected by the Alturas Intertie. The protestors request that the Commission order implementation of various procedural proposals designed to facilitate negotiation of the outstanding issues. The proposals include consolidation of the instant proceeding with Docket No. ER99-28<sup>3</sup>; the initiation of settlement judge procedures<sup>4</sup>; and the establishment of a timetable for filing of a negotiated settlement addressing the outstanding issues, after which the parties would have the opportunity to return to the Commission to seek further relief.<sup>5</sup> In the event that a negotiated

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1 The December 30 filings in Docket No. ER99-28 are discussed more fully in the Answer of the California Independent System Operator to Motions for Clarification, Requests for Rehearing and Notice of Compliance filed in that docket on January 14, 1999 ("January 14 Answer").

2 The protestors include the Transmission Agency of Northern California ("TANC"); the Sacramento Municipal Utility District ("SMUD"); the M-S-R Public Power, Agency, the Modesto Irrigation District, and the Cities of Redding and Santa Clara, California ("M-S-R"); and San Diego Gas & Electric Company, Pacific Gas and Electric Company, and Southern California Edison Company filing jointly ("Joint Protestors").

3 Joint Protestors Motion at 10.

4 Joint Protestors Motion at 9-10 and TANC Motion at 28.

5 Joint Protestors Motion at 9-10 (the Joint Protestors suggest that the Commission should require a negotiated resolution by April 30, 1999) and TANC Motion at 28.

resolution of the outstanding issues cannot be attained, most protestors support the establishment of a hearing to resolve disputed issues of material fact in this proceeding.<sup>6</sup>

On January 6, 1999, Sierra submitted a revised and fully executed O & S Agreement in this docket to supersede the partially executed agreement submitted on December 17. Sierra states that the revisions to the O & S Agreement were in part necessary to resolve a disagreement between Bonneville and PacifiCorp. In the revised O & S Agreement, several Bonneville dispatching orders are no longer explicitly incorporated into the agreement, although they are referenced as applicable to certain operations of the Alturas Intertie. In addition, the revised O & S Agreement provides for the scheduling of transmission on the Alturas Intertie from a source other than the Northwest AC Intertie when certain conditions are met and clarifies that parties to the O & S Agreement are subject to the reliability criteria that apply in the regions in which those parties operate. Sierra requests waiver of the 60-day notice requirement so that the O & S Agreement can become effective as of January 7, 1999. Once again, Sierra contends that acceptance of the O & S Agreement would not prejudice the resolution of issues related to transfer capability between California and the Pacific Northwest.<sup>7</sup>

### **III. BASIS FOR MOTION TO INTERVENE**

As stated in its January 7 Motion, the ISO is a non-profit public benefit corporation organized under the laws of the State of California and responsible for the reliable operation of a grid comprising the transmission systems of Pacific Gas and Electric Company, Southern California

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<sup>6</sup> M-S-R Motion at 13; SMUD Motion at 18-20, and TANC Motion at 28.

<sup>7</sup> On January 22, 1999, Sierra and Bonneville filed answers to the January 7 motions to reject, protests and comments in this proceeding. The ISO does not address those answers in this filing except to note that they are further evidence of ongoing disagreements about various issues involving the Alturas Intertie raised in this proceeding and Docket No. ER99-28.

Edison Company and San Diego Gas & Electric Company. The ISO is also responsible for the reliable operation of certain other facilities internal to the ISO Control Area, including the California Oregon Transmission Project, which is part of the COI. As part of this function, the ISO is responsible for coordination with control areas interconnected with the ISO's Control Area. The ISO has therefore entered into Interconnected Control Area Operating Agreements with Sierra and PacifiCorp. The ISO has also entered into Scheduling Coordinator Agreements with various California Market Participants, including PacifiCorp and Bonneville. The ISO has a unique interest in any FERC proceedings that could affect the operation of the ISO Control Area or affect coordination with interconnected control areas. The ISO therefore has an interest in the instant proceeding which cannot adequately be represented by any other party.

#### **IV. COMMENTS**

In its January 7 Motion in this proceeding, the ISO addressed a statement by Sierra that the ISO agreed that the Alturas Intertie could go into operation "without prejudicing resolution of the allocation issue [i.e., the issues related to the impact of the Alturas Intertie on transfer capability between California and the Pacific Northwest]."<sup>8</sup> In support of this statement, Sierra cites a letter dated December 11, 1998 from Terry M. Winter, Chief Operating Officer of the ISO to Dennis Eyre, Executive Director of the WSCC. The January 7 Motion clarified the ISO's position on this question as set forth in the December 11 letter. The ISO explained that, in connection with the impending operation of the Alturas Intertie Project, Bonneville had provided the ISO with a revised Dispatchers' Standing Order No. 306 ("DSO 306") outlining operating procedures concerning the COI and the Reno Alturas Transmission System ("RATS"). The ISO reviewed those procedures and informed

Bonneville and the WSCC that it believes they would provide for reliable operation of the COI and RATS for the 1998-99 Winter Operating Season. The ISO also informed Bonneville and the WSCC, however, that it does not believe that the DSO 306 procedures represent a "mutually acceptable" agreement with the parties in Docket No. ER99-28, as required by FERC's November 30 Order. The ISO believes that alternative operating procedures could be developed which would address the outstanding issues concerning the impact of the Alturas Intertie on interregional transfer capability as well as provide for the reliable operation of the COI and RATS. The ISO therefore agreed to operate the COI pursuant to DSO 306 in the interim winter season, but stated that it believed further negotiations were necessary to ensure that operating procedures are developed which resolve these issues on a "mutually acceptable basis" as directed by the Commission's November 30 Order.

The ISO also noted in the January 7 Motion that the O & S Agreement does not contain the detail necessary to address the outstanding issues. For example, the O & S Agreement contains minimal guidelines on scheduling and curtailment procedures. The revised O & S Agreement arguably contains even less detail.<sup>9</sup> Furthermore, the O & S Agreement was apparently developed without input from many of the parties that the November 30 Order contemplated being included in the negotiation of appropriate operating procedures, as evidenced by the numerous protests and supplemental filings in both Docket No. ER99-28 and the instant proceeding. The ISO therefore does not agree that the filing of the O & S Agreement in this proceeding satisfies the Commission's

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8 December 17 Transmittal Letter at 5.

9 As originally filed, the O & S Agreement incorporated certain dispatching orders, including DSO 306, by reference. These dispatching orders were not included in the December 17 O & S Agreement filing, however, and therefore were never presented for Commission review. The revised O & S Agreement submitted on January 6 no longer explicitly incorporates these dispatch orders. There is no further detail in the revised Agreement filing which addresses any of the outstanding issues.

directive in the November 30 Order to develop operating procedures that address the outstanding issues on a "mutually acceptable" basis. Similarly, the ISO does not believe that the December 18 OCSG vote on the O & S Agreement in any way demonstrates that the obligation to negotiate appropriate operating procedures pursuant to the November 30 Order has been met.

In its January 7 Motion, the ISO stated that it supported further negotiations to develop the appropriate operating procedures that will resolve the outstanding question of the impact of the Alturas Intertie on interregional transfer capability and committed to take an active role in such negotiations. The ISO also requested that the Commission provide further guidance as to how the negotiations ordered in the November 30 Order should be conducted.

Given the level of disagreement evidenced by the various filings in this proceeding and Docket No. ER99-28 and the indications that WSCC procedures have not enabled the parties to reach resolution on the outstanding issues, the ISO believes it is necessary for the Commission to establish further procedures to facilitate the negotiations required by its November 30 Order. The ISO would therefore support the initiation of settlement judge procedures to address the outstanding issues. The ISO would also support the establishment of a date certain by which the parties in this proceeding are directed to submit an offer of settlement resolving these issues.<sup>10</sup> The ISO also would not oppose consolidation of the instant proceeding with Docket ER99-28.<sup>11</sup>

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10 The ISO notes that if mutually acceptable operating procedures are not developed prior to Summer 1999 then an issue may arise as to the procedures the ISO should use for operation of the COI during Summer 1999.

11 In its January 14 Answer in Docket No. ER99-28, the ISO also expressed support for procedural proposals to facilitate the resolution of outstanding issues relating to the Alturas Intertie. The ISO believes Commission action establishing procedures for the resolution of the outstanding issues is appropriate in either that docket or the instant proceeding.

## V. CONCLUSION

Based on the foregoing, the ISO respectfully requests that the Commission permit it to intervene in this proceeding with the full rights of a party thereto and that the Commission establish procedures to facilitate the resolution of outstanding issues involving the Alturas Intertie in accordance with comments submitted above.

Respectfully submitted,

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Attorneys for the California Independent System Operator Corporation

Date: January 26, 1999

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this Docket No. ER99-945-000, 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. on this 26<sup>th</sup> day of January, 1999.

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Sean A. Atkins

January 26, 1999

The Honorable David P. Boergers  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Sierra Pacific Power Company  
Docket No. ER99-945-000

Dear Secretary Boergers:

Enclosed for filing is one original and 14 copies of the Renewed Motion to Intervene and Comments of the California Independent System Operator Corporation in the above-referenced docket. An additional copy of the filing is also enclosed. Please stamp the additional copy with the date and time filed and return it to the messenger.

Thank you for your assistance in this matter.

Respectfully submitted,

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Kenneth G. Jaffe  
David B. Rubin  
Sean A. Atkins

Attorneys for the California  
Independent System Operator Corporation