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

Pacific Gas & Electric Company) Docket No. ER97-2358-000

and ER98-2351-000

Summary of Prepared Cross-Answering Testimony of Jeffrey C. Miller On Behalf of the California Independent System Operator Corporation

Mr. Miller, Regional Transmission Manager for the California Independent System Operator Corporation (ISO), is testifying regarding the application of the Commission's test for customer credits to the facilities of the intervenors that are requesting credits in this proceeding. As described in Mr. Greenleaf's testimony the Commission has established criteria in order for a transmission customer to warrant a credit for its transmission facility investments. Mr. Miller concludes that when this test is applied to the intervenor's facilities, the intervenors have not made the required showing and therefore a transmission credit would be inappropriate.

Mr. Miller's conclusion is based on the failure of the intervenors to demonstrate that their transmission facilities and the ISO-controlled facilities are integrated such that the ISO can use their facilities and the facilities they control to provide transmission service to their customers. While the combined transmission systems do operate as an interconnected transmission system, the ability to use the system has been divided among the entities owning the facilities and the right to use those facilities has not been integrated. While these facilities may be interconnected, they are not integrated as defined by the Commission.

If the intervenors seeking credits were to join the ISO and transfer control over their portion of the transmission facilities to the ISO, the ISO could be in a

position to integrate the Public Entities' share of the remote facilities with facilities already under the ISO control. Under such circumstances, the owners of the facilities would be entitled to compensation under the ISO Tariff.