

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Conditional Application of PACIFIC GAS AND
ELECTRIC COMPANY (U 39 E) for a Certificate of
Public Convenience and Necessity Authorizing the
Construction of the Los Banos-Gates 500 kV
Transmission Project

Application 01-04-012

**STATUS REPORT AND MOTION FOR EXTENSION OF TIME OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

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Dated: August 17, 2001

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On July 13, 2001, the Assigned Commissioner issued a Ruling and Scoping Memo (Scoping Memo) which established a schedule for hearings in the above captioned case pursuant to Public Utilities Code Sections 1001 and 1002. The Scoping Memo followed Prehearing Conferences held on May 10 and June 27, 2001. This report and motion updates the California Public Utilities Commission (CPUC) on information that was given by the California Independent System Operator (CA ISO) at the June 27 Prehearing Conference, and requests a two week extension of time for filing of opening testimony in this proceeding.

At the Prehearing Conference on June 27, the CA ISO represented that it was undertaking an economic assessment of the need for the Los Banos-Gates 500 kV Transmission Project. The CA ISO stated that it expected to conclude this assessment by late July and would post the assessment on the CA ISO website. The CA ISO indicated that it would update the CA ISO Governing Board on the work undertaken during the July Governing Board meeting ,and would present the Project to the CA ISO Governing Board for a vote during the August 24 Governing Board meeting.

The CA ISO wishes to inform the CPUC and the parties to this case that there has been a delay in finalizing the economic assessment, in large part due to the need to undertake an assessment of market impacts that were not accounted for and reviewed in the initial work. As a result, the CA ISO did not update its Governing Board on the Project in the July Governing Board meeting. Moreover, the CA ISO does not as yet have a product to post on its website.

The CA ISO considers that the supplemental work on the economic assessment will be completed by early to mid September. This time frame does not permit presentation of the Project to the CA ISO Governing Board in August, and in fact the regularly scheduled August CA ISO Governing Board meeting was recently cancelled.

The early to mid September time frame to complete the economic analysis of Path 15 is needed because CA ISO personnel with the expertise to address market impacts adequately are currently heavily involved in preparing analyses and testimony in the proceeding before the Federal Energy Regulatory Commission (FERC) regarding unjust and unreasonable rates in California and the West and have limited availability. Preparation for the FERC proceeding is a critical effort that has the potential to return to California end-users billions of dollars in electricity overpayments and consequently has been given utmost priority by the CA ISO.

Nonetheless, the CA ISO is committed to completing the economic assessment of Path 15, as soon as possible, within the resource constraints described above, and to presenting the Path 15 project to its Governing Board at the next scheduled Governing Board meeting, on September 20.

As a result of the slippage in the schedule for undertaking of the economic assessment of the Los Banos-Gates 500 kV Transmission Project, the CA ISO requests

a two week extension of time to file opening testimony in this case on September 27. This extension would provide for completion of the economic assessment by the CA ISO, and CA ISO Governing Board review of the Los Banos-Gates 500 kV Transmission Project, prior to the deadline for submitting testimony.

The two week extension of time to filing opening testimony would still afford other parties thirty days to file intervenor testimony if the schedule set forth in the Scoping Memo is not otherwise revised. The CA ISO would not oppose a delay in the date for evidentiary hearings in this matter to accommodate more time for the preparation of intervenor testimony. While the CA ISO supports a timely proceeding in this manner, the CA ISO considers that it is important to provide adequate time for all parties, including the CA ISO, to participate responsibly in this proceeding. This approach is more likely to accelerate CPUC review of the Project than strict adherence to the schedule adopted in the Scoping Memo.

Dated at Folsom, California, this 17th day of August, 2001

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