

**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

**REPLY OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION TO PACIFIC GAS AND ELECTRIC COMPANY'S NOTICE  
OF WITHDRAWL OF CONDITIONAL APPLICATION NO. A.01-04-012**

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**REPLY OF THE  
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OF WITHDRAWAL OF CONDITIONAL APPLICATION NO. A.01-04-012**

Pursuant to the November 7, 2001, Administrative Law Judge's Ruling Granting Time to Reply to Motion to Withdraw and Affirming the Existing Schedule for ORA and Intervenor Testimony (November 7 ALJ Ruling), the California Independent System Operator (CA ISO) respectfully files this reply to the notice of Pacific Gas and Electric Company (PG&E) of withdrawal of its conditional application for a Certificate of Public Convenience and Necessity (CPCN) Authorizing the Construction of the Los Banos-Gates 500 kV Transmission Project (Path 15 Upgrade). The November 7 ALJ Ruling provides that the ALJ is inclined to move forward with PG&E's application as scheduled in the event that agreement contemplated in the recent Memorandum of Understanding (MOU) are unable to be reached. The CA ISO considers that, at a minimum, the instant proceedings should be held in abeyance for ninety (90) days to reduce the likelihood of an unnecessary expenditure of resources.<sup>1</sup>

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<sup>1</sup> At this time, the CA ISO does not take a position regarding whether PG&E can or cannot unilaterally withdraw its application for a CPCN in this matter.

On November 6, 2001, PG&E filed a notice of withdrawal of its conditional application for a CPCN for a Path 15 Upgrade. The notice of withdrawal states that "[v]arious public and private parties, including PG&E, have entered a[n MOU] for a project . . . to finance and co-own a transmission upgrade of Path 15" and that the MOU approach would result in an upgrade to Path 15 with significantly lower costs to PG&E ratepayers as the other MOU entities would contribute financially to the project. PG&E Notice of Withdrawal at 1. PG&E indicates that "[a]lthough all aspects of the WAPA Project are not yet finalized, the MOU has made such a project sufficiently certain that PG&E believes it appropriate to withdraw the Conditional Application now to avoid incurring further significant costs for permitting and certification in connection with the Project set forth in PG&E's Conditional Application." Notice of Withdrawal at 8. According to the November 7 ALJ Ruling, PG&E's notice was accepted as a "Motion to Withdraw".

The CA ISO agrees with PG&E that the approach set forth in the MOU is promising and that the Commission should avoid unnecessary expenditure of time and effort in litigation over a CPCN for the Path 15 Upgrade if the upgrade is to be undertaken in a manner that does not require a CPCN. The MOU provides that the parties to the MOU will define the Project and the work to be done at each facility within ninety (90) days of the execution of the MOU. Thus, significant additional certainty and information should be available regarding the MOU approach for upgrading Path 15, within ninety (90) days of October 16, 2001. Accordingly, the CA ISO considers that the Commission should, at a minimum, hold further proceedings in this docket in abeyance for no less than ninety days, pending further developments related to the MOU. In this manner, parties will avoid expending the significant additional time and effort

associated with evidentiary hearings and briefing regarding the need for a Path 15 upgrade, if it turns out that the MOU approach to upgrading Path 15 is put into practice.

In sum, the CA ISO considers that the approach set forth in the MOU for upgrading Path 15 is promising,. Further the CA ISO believes that further proceedings in this docket should be held in abeyance for no less than ninety days to allow for further definition of the MOU approach and to avoid expenditure of significant resources in evidentiary hearings related to a CPCN that may not be required.

Respectfully submitted this 13<sup>th</sup> of November,

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