

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

San Diego Gas & Electric Company,)	
Complainant,)	
)	Docket No. EL00-95-000
)	EL00-95-159
v.)	
)	
Sellers of Energy and Ancillary Services)	
Into Markets Operated by the California)	
Independent System Operator and the)	
California Power Exchange,)	
Respondents)	
)	
Investigation of Practices of the California)	Docket No. EL00-98-000
Independent System Operator and the)	EL00-98-146
California Power Exchange)	

**LIMITED RESPONSE OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
TO CORAL POWER AND CONSTELLATION ENERGY CONCERNING
PROCESSING OF COST-RECOVERY FILINGS**

Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2001), the California Independent System Operator Corporation (“ISO”) hereby submits a limited answer to two pleadings recently filed with the Commission in the above-captioned dockets: the “Response of Coral Power, L.LC. to California Parties’ Protest and Comments to Sellers’ Cost Filing Submissions to the California Independent System Operator Corporation” (“Coral Response”), filed on April 13, 2006, and the “Response of Constellation Energy Commodities Group, Inc. to California Parties’ Protest and Comments to Sellers’ Cost Filing Submissions to the California Independent System Operator Corporation” (“Constellation Response”), filed on April 14, 2006. The instant answer is limited to addressing and clarifying the ISO’s

role in processing cost-recovery filings that were submitted to the ISO pursuant to the Commission's January 26, 2006 Order¹ in this proceeding. Although answers to answers are not normally sanctioned under the Commission's rules, the ISO requests waiver of Rule 213(a)(2) (18 C.F.R. § 385.213(a)(2)) to permit it to make this limited answer to Coral and Constellation. Good cause for this waiver exists here because this answer will aid the Commission in understanding the issues in the proceeding and assist the Commission in the decision-making process.² Specifically, this answer corrects a misstatement made in the Coral and Constellation Responses concerning the ISO's role in processing the cost-recovery filings.

I. ANSWER

In response to the California Parties' argument that the Commission, in the January 26 Order, improperly delegated its responsibility to make a final decision on the cost-recovery filings to the ISO, Coral and Constellation, in their Responses, both state that "The ISO will not make any substantive determinations surrounding [Coral and Constellation's] offset filing[s], but merely will verify that [Coral and Constellation] (and other sellers) faithfully carried out the modifications required by the January 26 Order." Coral Response at 5; Constellation Response at 5.

The ISO takes no position on the substantive merits of the California Parties' argument, or Coral or Constellation's responses. However, the ISO wishes to make clear that it will not be performing any verification of the cost-recovery filings submitted

¹ 114 FERC ¶ 61,070 (2006) ("January 26 Order").

² See, e.g., *Nevada Power Company*, 108 FERC ¶ 61,074, at P 23 (2004); *Michigan Electric Transmission Company*, 108 FERC ¶ 61,205, at P 21 (2004); *AEP Power Marketing, Inc.*, 109 FERC ¶ 61,276, at P 16 (2004); *Vector Pipeline L.P.*, 89 FERC ¶ 61,242, at 61,713 (1999).

to it pursuant to the January 26 Order, including verifying whether Coral and Constellation, as well as other sellers, “faithfully carried out the modifications required by the January 26 Order.” To do so would be to presume authority that the Commission never granted the ISO. In the January 26 Order, the Commission ordered certain sellers to make modifications to their cost-recovery filings and to submit those modified filings to the ISO, “along with a verification by a corporate officer attesting that [these filings were] prepared in accordance with the directives” of that order. January 26 Order at P 161. The Commission never stated or suggested that the ISO should undertake any sort of verification of the cost-recovery filings. Indeed, the requirement that sellers provide verification by a corporate officer attesting that they were prepared consistent with the Commission’s directives in the January 26 Order suggests the opposite; that the Commission did not expect the ISO to perform any additional verification of the filings themselves.

Additionally, there is no benefit to having the ISO perform additional verification of the cost-recovery filings. The ISO’s personnel are already heavily committed to a number of important matters, including processing the various offsets that comprise the financial adjustment phase in this proceeding, and the ISO does not have sufficient additional staff to verify numerous lengthy and complex cost filings in anything resembling a timely manner. Moreover, given that all parties have equal access to the relevant ISO market data from the refund period, the ISO is in no better position to review the accuracy of these filings than any other party or parties in this proceeding.

For these reasons, the ISO's review of the modified cost-recovery filings submitted to it pursuant to the January 26 order, has been, and will be, limited to ensuring that these filings include the required corporate officer verification.

II. CONCLUSION

The ISO requests that the Commission accept the foregoing answer, and consider it as part of its deliberations on the issues raised by the California Parties, Coral and Constellation.

Respectfully submitted,

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