

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

Startrans IO, L.L.C.) Docket Nos. ER08-413-000
and
EC08-33-000

(not consolidated)

**REQUEST FOR LEAVE TO FILE COMMENTS AND COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
REGARDING JANUARY 4 FILINGS MADE BY STARTRANS IO**

Pursuant to Rules 211 and 212 of the Commission’s Rules of Practice and Procedure,¹ the Combined Notice of Filing issued on January 10, 2008, and the Response of Startrans IO, L.L.C. filed January 25, 2008 in the above-captioned dockets, the California Independent System Operator Corporation (“CAISO”)² requests leave to file the enclosed comments concerning two filings made by Startrans IO, L.L.C. (“Startrans”) on January 4, 2008: (1) an application filed in Docket No. EC08-33-000 for approval, pursuant to Section 203 of the Federal Power Act (“FPA”), to purchase certain transmission interests (the “Mead projects”) currently held by the City of Vernon, California (“Vernon” and the “Startrans 203 Filing”), and (2) a request, filed in Docket No. ER08-413-000, for approval of a Transmission Owner (“TO”) Tariff and a Transmission Revenue Requirement (“TRR”) pursuant to Section 205 of the Federal Power Act (the “Startrans 205 Filing”).

¹ 18 C.F.R. § 385.211 & .212.

² Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

Although comments and protests concerning these filings were due on January 25, in a pleading filed on that date, Startrans agreed that, in order to “allow for the possible resolution of certain issues between the CAISO and Startrans IO that could obviate any protests in these proceedings by the CAISO,” the CAISO should be afforded a one week extension, until February 1, to file any substantive comments on both the Startrans 203 and 205 Filings.³ Since then, the CAISO has had productive discussions with Startrans that have narrowed the scope of the CAISO’s comments. In addition, the CAISO submits that no party will be prejudiced by accepting these comments as filed today. Accordingly, the CAISO respectfully requests that the Commission grant the CAISO’s request and accept the enclosed comments for consideration in these dockets.

I. COMMENTS

The most important issue from the CAISO’s perspective concerns the provisions of the “Agreement on Assumption of Liabilities Under the Transmission Control Agreement” (“Assumption Agreement”) that is included in the Startrans 203 Filing on an unexecuted basis. The CAISO, Vernon, and Startrans have had several discussions concerning this Agreement over the past week, and based on these discussions, the CAISO expects that it will be able to resolve its remaining issues regarding the Assumption Agreement during the next week. If these issues are not resolved to the CAISO’s satisfaction, Startrans has stated that it will not object to the CAISO filing additional comments in either

³ Response of Startrans IO, January 25, 2008, at 2; *accord* Motion for Leave to Intervene of the California ISO, January 25, 2008.

docket, provided that the CAISO's comments are filed within two business days after the answer that Startrans plans to file no later than February 11. The CAISO has agreed to this condition.

In addition, it is a requirement of the Transmission Control Agreement (“TCA”), a Commission-approved jurisdictional contract to which Vernon is a party, that any transfer of Vernon’s rights in the Mead projects requires prior written consent from the CAISO.⁴ Although the CAISO, Startrans and Vernon have discussed the consent requirement and the timing of a decision as it relates to the proposed transaction, the CAISO has not yet agreed to provide the required consent.⁵ To ensure that the transaction does not take place in violation of this requirement, the Commission should recognize that written consent from the CAISO is a condition of the transfer that is the subject of the Startrans 203 Filing, and proceed accordingly.

Relating to the Startrans 205 Filing, the CAISO also notes that there are five details of this filing that should be addressed by the Commission. First, the CAISO notes that Vernon, which presently owns the Mead projects, has not yet filed to reduce its TRR and to remove the Mead projects from the listing of facilities in its TO tariff. Vernon has advised the CAISO that it plans to make this filing in the near future. The CAISO asks that such a filing – at least for the Mead projects, as opposed to all of the facilities and entitlements covered by Vernon’s present TRR – should be a condition precedent of the effectiveness of Startrans’

⁴ Transmission Control Agreement §§ 4.4.1.1 and 4.4.2, the most recent amendment to which was accepted on October 10, 2006 in Docket No. ER06-1360. See 117 FERC ¶ 61,029 (2006).

TRR. Otherwise, there is a risk of double-recovery of costs relating to the same transmission rights, which would clearly be inappropriate.

Second, while Startrans requests an effective date of March 4, 2008 for its TO Tariff and TRR, it appears that the financial closing to transfer ownership of the subject facilities to Startrans will not occur until after that date. The CAISO requests that the Commission condition the effective date of the Startrans TO Tariff and TRR on the assumption of ownership by Startrans of the Commission-jurisdictional facilities to which these will apply. The CAISO understands that Startrans is amenable to this condition.

Third, certain details of the Startrans TO Tariff are inconsistent with current and anticipated CAISO processes. Among the inconsistencies are the reference to "Net FTR Revenue," which is applicable only to New Participating TOs with an obligation to serve Load, and the absence of provisions acknowledging the CAISO's transition to the Large Generator Interconnection Procedures and Small Generator Interconnection Procedures ordered by the Commission in Orders Nos. 2003 and 2006. In addition, Startrans' TO Tariff will need to be updated in the near future to be consistent with the CAISO's impending transition to the fourth replacement version of the CAISO Tariff implementing the CAISO's Market Redesign and Technology Upgrade ("MRTU"). The CAISO requests that the Commission condition its acceptance of Startrans' TO Tariff on a commitment by Startrans to revise its TO Tariff to provide consistency with the CAISO Tariff.

⁵ Although the issues discussed in this pleading bear on the CAISO's decision whether to consent to the proposed transfer, there are also other factors that the CAISO will need to

Fourth, the Startrans 205 Filing does not acknowledge that Startrans must first become a Participating TO prior to having its TO Tariff become effective and being able to recover its TRR through the CAISO's transmission Access Charge. Status as a Participating TO is achieved by execution of an amendment to the CAISO's Transmission Control Agreement ("TCA") and acceptance of the TCA amendment by the Commission. The CAISO requests that the Commission condition the effective date of the Startrans TO Tariff and TRR on the effective date of a TCA amendment establishing Startrans as a Participating TO.

Finally, the CAISO does not take a position at this time on issues regarding the appropriate level of the TRR. As noted above, the CAISO may submit further comments on the Startrans 205 Filing if the parties are unable to resolve their differences concerning the Assumption Agreement.

consider in reaching this decision.

II. CONCLUSION

Wherefore, the CAISO respectfully requests that the Commission accept the enclosed comments and consider them in its deliberations regarding the Startrans 203 and 205 Filings.

Respectfully submitted,

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Counsel for the California Independent
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Dated: February 1, 2008

Certificate of Service

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 1st day of February, 2008, in the District of Columbia.

/s/ Michael Kunselman

Michael Kunselman