

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

DCR Transmission, LLC

Docket No. EL15-102-000

**MOTION FOR LEAVE TO SUBMIT ANSWER TO COMMENTS AND ANSWER  
OF CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“CAISO”) respectfully submits this motion for leave to answer and answer<sup>1</sup> to certain comments submitted in this proceeding.

**I. BACKGROUND**

On September 14, 2015 DCR Transmission, LLC (“DCRT”) filed a Petition for Declaratory Order seeking approval of certain transmission rate incentives associated with DCRT’s investment in the Delaney-to-Colorado River 500 kV transmission line for which the CAISO selected DCRT as the Approved Project Sponsor. DCRT seeks the following incentives: (1) ability to recover all prudently incurred pre-commercial costs that are incurred before project costs flow through the CAISO’s Transmission Access Charge in a regulatory asset amortized over a period of five years; (2) ability to recover 100 percent of prudently incurred costs in the event the project must be abandoned for reasons outside of the reasonable control of DCRT; (3) use of a hypothetical capital

---

<sup>1</sup> The CAISO submits this motion and answer pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213 (2014).

structure of 50 percent debt and 50 percent equity until the project achieves commercial operation; and (4) inclusion of a 50 basis point adder to DCRT's return on equity for participation in the CAISO.

In its comments, TransCanyon DCR, LLC noted that the CAISO's bid selection report indicated, at page 115, that DCRT was not seeking a return of equity that includes a 50 basis point adder. TransCanyon also notes that DCRT committed to cap its return on equity and suggested that DCRT's request for a 50 basis point adder may be inconsistent with its bid proposal to the CAISO.

Southern California Edison Company ("SCE") stated in comments that it cannot determine whether DCRT's request for incentives is consistent with DCRT's bid in the competitive solicitation, and the CAISO must ensure that any commitments made by DCRT in its bid are reflected in the Approved Project Sponsor Agreement Provisions.

## **II. MOTION FOR LEAVE TO ANSWER COMMENTS**

The CAISO respectfully requests authorization to respond to TransCanyon's and SCE's comments. Notwithstanding Rule 213(a)(2),<sup>2</sup> the Commission has accepted answers to protests that assist the Commission's understanding and resolution of the issues raised in the protest,<sup>3</sup> clarify matters under consideration,<sup>4</sup> or materially aid the Commission's disposition of a matter.<sup>5</sup>

---

<sup>2</sup> 18 C.F.R. § 385.213(a)(2) (2014).

<sup>3</sup> *Sw. Power Pool, Inc.*, 89 FERC ¶ 61,284 at 61,888 (1999).

<sup>4</sup> *Ariz. Pub. Serv. Co.*, 82 FERC 61,132 (1998); *Tenn. Gas Pipeline Co.*, 82 FERC 61,045 (1998).

<sup>5</sup> *El Paso Natural Gas Co.*, 82 FERC 61,052 (1998).

The CAISO's answer will clarify matters under consideration, aid the Commission's understanding and resolution of the issues, and help the Commission to achieve a more accurate and complete record.<sup>6</sup> In particular, the CAISO's answer will clear up some confusion noted in TransCanyon's comments.

### **III. ANSWER**

As an initial matter, the CAISO notes that the statement at page 115 of the CAISO's selection report contains an error. The report should have stated that DCRT did not seek a 100 basis point adder (for being a transmission company). DCRT's request for a 50 basis point adder for becoming a CAISO participating transmission owner is consistent with the proposal DCRT submitted to the CAISO. As the CAISO indicated in the project selection report, DCRT committed to capping its return on equity (including any adder) and will not accept any return on equity authorized by the Commission in excess of the capped amount. With respect to SCE's comments, the CAISO will ensure that the commitments made by DCRT in its bid package, including its cost cap, are reflected in the Approved Project Sponsor Agreement.<sup>7</sup>

---

<sup>6</sup> *No. Border Pipeline Co.*, 81 FERC 61,402 (1997); *Hopkinton LNG Corp.*, 81 FERC 61,291 (1997).

<sup>7</sup> The CAISO notes that in its answer DCRT confirmed that any recovery of costs to be treated as a regulatory asset is subject to the cost cap that DCRT committed to in its bid.

#### IV. CONCLUSION

For the reasons set forth herein, the Commission should accept the CAISO's Answer to Comments.

Respectfully submitted,

**By: /s/ Anthony J. Ivancovich**

Roger E. Collanton  
General Counsel  
Anthony J. Ivancovich,  
Deputy General Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (916) 608-7135  
Fax: (916) 608-7222  
[aivancovich@caiso.com](mailto:aivancovich@caiso.com)

Counsel for the California Independent  
System Operator Corporation

October 28, 2015

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each party listed on the official service list for this proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010 (2013)).

Dated at Folsom on this 28th day of October, 2015.

*Is/ Anna Pascuzzo*

Anna Pascuzzo