

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

Southern California Edison Company) Docket No. ER02-925-000

**MOTION FOR LEAVE TO FILE RESPONSE AND RESPONSE TO FILINGS OF
THE CALIFORNIA DEPARTMENT OF WATER RESOURCES AND THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

Pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213, the California Independent System Operator Corporation ("ISO")¹ now submits a Motion for Leave to File a Response and Response to the Protest of the California Department of Water Resources ("CDWR") and the Supplemental Protest and Request for Hearing of The Metropolitan Water District of Southern California ("MWD"), submitted on March 5 and March 6, 2002, respectively, in the captioned docket.² As explained below, the issues raised by CDWR and MWD concerning changes in rate design should be considered solely in the proceedings on Docket Nos. ER00-2019-000, *et al.*, and not in the present proceeding.

I. Motion for Leave to File Response

The ISO requests waiver of Rule 213(a)(2) of the Commission's Rules, 18 C.F.R. § 385.213(a)(2), to permit it to make this Response. Good cause for the waiver exists here because the Response presents information that clarifies the

¹ Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

² The ISO submitted a motion to intervene in the captioned docket on February 21, 2002.

issues before the Commission, e.g., *National Grid USA*, 96 FERC ¶ 61,121, 61,527 (2001), and aids the Commission in understanding and resolving the issues, e.g., *Holyoke Water Power Company and Holyoke Power and Electric Company*, 97 FERC ¶ 61,058, 61,313 (2001).

II. Response

Both CDWR and MWD fault Southern California Edison Company (“SCE”) for not proposing certain changes as to rate design, such as changes concerning a time-of-use program. See CDWR at 5-6; MWD at 6. However, it is inappropriate to raise these criticisms in the captioned docket. These issues were already raised by CDWR and MWD and are being addressed in the proceedings on the ISO’s revised methodology for determining transmission Access Charges for the ISO Controlled Grid (Docket Nos. ER00-2019-000, *et al.*).³ As explained below, the issue of time-of-use transmission pricing should not be addressed in this proceeding as it may result in different decisions than those reached in Docket Nos. ER00-2019, *et al.*, and SCE has no right to determine the rate methodology for ISO Controlled Grid facilities.

³ The ISO proposed the transmission Access Charge methodology described above in Amendment No. 27 to the ISO Tariff, submitted in Docket No. ER00-2019-000. The Commission accepted Amendment No. 27 for filing, suspended it, and set for hearing the proposed transmission Access Charge methodology and related tariff revisions. The Commission also held the hearing in abeyance pending efforts at settlement and established settlement judge procedures with the Chief Judge acting as Settlement Judge. *California Independent System Operator Corporation*, 91 FERC ¶ 61,205 (2000). Subsequently, in Docket No. ER01-819-000, the ISO filed Amendment No. 34 to the ISO Tariff to clarify certain issues associated with implementation of the transmission Access Charge methodology contained in Amendment No. 27; to provide information as to the new transmission Access Charge rates to reflect that the City of Vernon, California (“Vernon”) would be joining the ISO as a New Participating TO effective January 1, 2001; and to provide information as to the amount of Firm Transmission Rights that would be given to Vernon in accordance with the ISO Tariff. The Commission accepted Amendment No. 34 for filing, suspended it, made it subject to refund, and consolidated it with Docket No. ER00-2019-000 for purposes of hearing and settlement discussions. *California*

The proceedings in Docket Nos. ER00-2019-000, *et al.* concern the methodology for determining transmission Access Charges, through which the embedded costs of the transmission facilities constituting the ISO Controlled Grid are recovered. The ISO Controlled Grid is comprised of the Participating Transmission Owners' transmission facilities that have been turned over to the ISO Operational Control. The Participating TOs are SCE, Pacific Gas and Electric Company, San Diego Gas & Electric Company and the City of Vernon, California. Under the transmission Access Charge methodology, *inter alia*, the transmission Access Charge has two components, the High Voltage Access Charge ("HVAC") for use of High Voltage Transmission Facilities⁴ and the Low Voltage Access Charge ("LVAC") for use of Low Voltage Transmission Facilities.⁵ The HVAC is assessed based on the combined Transmission Revenue Requirements ("TRRs") of all the Participating TOs in each TAC Area, which correspond to each of the three Control Areas that were combined to form the ISO Control Area. Over a ten-year transition period, the HVAC for these TAC Areas will be combined to form a single ISO Grid-wide Access Charge. The HVAC consists of a TAC Area component and an ISO Grid-wide component. The TAC Area component is based on the individual Participating TO's High Voltage Transmission Revenue Requirement in that TAC Area divided by the Gross Load. The ISO Grid-wide component includes the costs of capital investments in any new High Voltage Transmission Facilities. The proportion

Independent System Operator Corporation, et al., 94 FERC ¶ 61,147, *clarified*, 95 FERC ¶ 61,090 (2001). Settlement efforts before the Chief Judge are ongoing.

⁴ Transmission facilities rated at or above 200 kV.

⁵ Transmission facilities rated below 200 kV.

represented by the ISO Grid-wide portion will increase by ten percent each year. For 2002, the split is 80% TAC Area and 20% ISO Grid-wide. At the end of the ten-year period, the HVAC will be one rate for the entire ISO Controlled Grid. The LVAC continues to be a license plate rate based on the individual Participating TOs' Low Voltage Transmission Revenue Requirements.⁶ The TRRs are set by individual filings made by the Participating TOs – of which SCE is one. In summary, the transmission Access Charge methodology, which was filed by the ISO, explains the means of determining the transmission Access Charges; and the Transmission Revenue Requirements, which are set by individual filings made by the Participating TOs, are simply dollar amounts to which the transmission Access Charge methodology is applied to determine the Access Charge for users of the ISO Controlled Grid.

In the present proceeding, SCE submitted revisions to its tariff to reflect changes related to its TRRs. See Notice of Filing, Docket No. ER02-925-000 (Feb. 5, 2002).⁷ However, the rate-design issues raised by CDWR and MWD in the present proceeding concern the ISO's transmission Access Charge methodology, rather than the TRRs filed by SCE.⁸ Moreover, CDWR and MWD, who are both active participants in Docket No, ER00-2019, have both already

⁶ See Transmittal Letter for Amendment No. 27 Filing, Docket No. ER00-2019-000 (Mar. 31, 2000), at 10-18.

⁷ On February 13, 2002, SCE tendered several corrections to its original filing in these proceedings. See Notice of Filing, Docket No. ER02-925-001 (Feb. 15, 2002).

⁸ As the ISO has explained, the transmission Access Charge methodology "will enhance the independence of the ISO by broadening the areas in which the ISO will have exclusive and independent authority to make filings under Section 205 of the Federal Power Act *with respect to the rates and other terms of access to the ISO Controlled Grid,*" thus satisfying the requirements of Order No. 2000. Transmittal Letter for Amendment No. 27 Filing at 4 (citing *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809, FERC Stats. & Regs., Regs. Preambles ¶ 31,089 (1999), at 31,075) (emphasis added).

raised identical rate-design issues in the transmission Access Charge proceeding, in which settlement discussions are ongoing.⁹ Adding the issue of time-of-use rates to the SCE proceeding will do nothing more than confuse the issue because the ISO, rather than SCE, is responsible for the rate methodology.¹⁰ Therefore, these issues should be addressed in the ISO's transmission Access Charge proceeding rather than in the present one.

⁹ See Protest of the California Department of Water Resources, Docket No. ER00-2019-000 (Apr. 21, 2000); Protest and Request for Hearing of The Metropolitan Water District of Southern California On ISO Amendment No. 27, Docket No. ER00-2019-000 (Apr. 21, 2000).

¹⁰ AB 1890 established that the ISO was required to develop a rate methodology no later than two years after initial operation of the ISO. See California Public Utilities Code 9600(a)(2)(A). The ISO's filing in Docket No. ER00-2019-000 meets that requirement.

III. Conclusion

For the foregoing reasons, the ISO respectfully submits that the issues raised by CDWR and MWD in the present proceeding concerning changes in rate design should be considered solely in the proceedings on Docket Nos. ER00-2019-000, *et al.*

Respectfully submitted,

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