

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

Southern California Edison Company)	Docket ER13-2265-000
)	Docket ER13-2278-000

**MOTION TO INTERVENE AND COMMENTS OF THE CALIFORNIA
INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“ISO”) respectfully files this motion to intervene and comments in these proceedings about the Eldorado-Moenkopi 500 kV Transmission Line Interconnection Agreement (“Interconnection Agreement”) between Arizona Public Service Company (“APS”) and Southern California Edison Company (SCE), and SCE’s notice of termination of the related Edison-Arizona Transmission Agreement (“Transmission Agreement”). The ISO has no objection to the Interconnection Agreement or SCE’s termination of the Transmission Agreement. Nor does the ISO have any objection to the agreement between SCE and APS to sell and transfer SCE’s ownership interest in the Four Corners Project and associated transmission facilities to APS. These comments are filed to make known certain circumstances and expectations associated with termination of the Transmission Agreement.

The ISO makes this filing pursuant to Rules 212 and 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 385.214. The ISO requests that the Commission grant its motion to intervene

because the ISO serves as the transmission service provider for SCE's rights in the Transmission Agreement. As such, the ISO has a direct and substantial interest in this proceeding, and requests that it be permitted to intervene. Because no other party can adequately represent the ISO's interests in this proceeding, the ISO's intervention is in the public interest.

I. Description of the ISO and Communications

The ISO is a non-profit public benefit corporation organized under the laws of the State of California with its principal place of business at 250 Outcropping Way, Folsom, CA 95630. The ISO is responsible for the reliable operation of the electric grid comprising the transmission systems of a number of utilities, including SCE, as well as the coordination of electricity markets. In addition, the ISO serves as the transmission service provider for the Transmission Agreement. The ISO requests that all communications and notices concerning this motion and these proceedings be provided to:

John Anders
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
E-mail: janders@caiso.com

II. Background about the ISO's Repayment of Losses under the Transmission Agreement

When the ISO began operations in 1998, SCE turned over control of its transmission facilities and entitlements to the ISO pursuant to the ISO's

Transmission Control Agreement. The Transmission Agreement is identified in this agreement as one of SCE's entitlements.

The ISO administers transmission service made available under the Transmission Agreement in accordance with a publicly available ISO operating procedure (<http://www.caiso.com/Documents/6930.pdf>). Under this procedure including earlier versions, the ISO has been providing energy to APS to repay it for line losses according to loss calculations provided by APS.

In October 2012, APS notified SCE that it had discovered inadvertent errors in the software that APS had used to calculate losses on the line. Starting in June 2007, the calculation omitted transmission schedules on one segment of the line (between Four Corners and the Moenkopi substation), which as a result undercounted the total losses on the line. APS corrected the software on a going forward basis effective November 2012.

APS asked SCE to adjust the repayment balance due to APS to include the losses that APS had missed in its calculations from June 2007 through October 2012, totaling 653,347 MWhs. APS and SCE entered into discussions regarding this claim. Since SCE no longer has complete scheduling data for the line, the ISO worked with SCE and was able to verify the amount of MWhs claimed by APS. SCE and APS have asked the ISO to begin returning the unrecovered transmission losses to APS as soon as possible, and have asked the ISO to continue returning the transmission losses to APS until APS is fully compensated for the transmission loss obligation incurred during the term of the

Transmission Agreement, even if such returns extend beyond the term of the Transmission Agreement.

III. Comments

SCE has asked the Commission to accept the Interconnection Agreement and the notice of termination of the Transmission Agreement. As noted above, the ISO has no objection to these requests. However, the ISO desires to make known two circumstances presented by this request.

A. Loss Accounting

As explained above, the ISO has been asked to account for losses that accrued under the Transmission Agreement but were not repaid due to APS's calculation error. The ISO has no objection to the MWh accounting of APS and SCE, and has verified the MWh quantity of losses that should have been paid between June 2007 and October 2012 had APS and SCE informed the ISO of the correct amount of losses to be counted. To be clear, the ISO correctly accounted for losses during this period according to the information APS supplied at the time, and would have already repaid the losses but for the oversight by APS. Neither APS nor SCE has suggested otherwise.

The ISO has yet to formally respond to the request from APS and SCE. The ISO is proceeding on the assumption that APS's claim survives termination of the Transmission Agreement, and that the matter can be resolved in due course. Nothing in these comments should be taken to prejudge the ISO's position on the loss accounting claim described above.

B. Timing and Notice

The ISO believes it can implement system changes to account for termination of the Transmission Agreement if the ISO is provided with 30 days advance written notice of the expected termination date, and can confirm there are no resource adequacy supply plans that rely on the scheduling points associated with this transmission service (i.e., Four Corners and Moenkopi). If there are resource adequacy supply plans that rely on these scheduling points, a 60 day advance notice to market participants would be appropriate to allow procurement of resource adequacy supply using a different scheduling point in order to avoid penalties.

The ISO has confirmed for the October initial resource adequacy showing that there are no resources planning to use the scheduling points associated with this transmission service. The final October showing is due to the ISO on September 20, and the ISO will know for certain at that time. The November initial showing is due to the ISO on September 17th, with a final showing due in October. In addition, the ISO will need to change operating procedures and associated training for its personnel.

Accordingly, the ISO requests the Commission direct SCE to provide the ISO with 60 days advance notice of the anticipated termination date for the Transmission Agreement. This will allow the ISO the opportunity to notify market participants and make the associated system and operating procedure changes.

IV. Conclusion

The ISO requests that the Commission consider these comments in its acceptance of the Agreement and notice of termination of the Transmission Agreement.

Respectfully submitted,

By: /s/ John Anders

Nancy Saracino

General Counsel

Roger Collanton

Deputy General Counsel

Burton Gross

Assistant General Counsel

John Anders

Senior Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: (916) 608-7287

Fax: (916) 608-7222

janders@caiso.com

Attorneys for the California Independent
System Operator Corporation

Dated: September 18, 2013

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the 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 at Folsom, California this 18th day of September, 2013.

Anna Pascuzzo
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