

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

San Diego Gas & Electric Company,)	
Complainant,)	
)	
v.)	Docket No. EL00-95-045
)	
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)	
Independent System Operator and the)	Docket No. EL00-98-042
California Power Exchange)	

**SUMMARY OF THE PREPARED DIRECT TESTIMONY OF
SPENCE GERBER ON BEHALF OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

In his Direct Testimony, Mr. Spence Gerber describes the ISO's Settlements process for real-time Energy and Ancillary Services transactions, and how the ISO undertook the re-run of the Settlements process for transactions during the period October 2, 2000 through June 20, 2001, in compliance with the Commission's July 25 Order.

In the first section of his testimony, Mr. Gerber provides a background of the ISO's Settlements and Billings Process. Mr. Gerber explains provides a general overview of the Settlements process, Ex. No. ISO-24 at 5:19-6:9, and explains concepts such as the difference between a statement and an invoice, Ex. No. ISO-24 at 7:1-8:5, and what a Charge Type is. Ex. No. ISO-24 at 8:7-18. Mr. Gerber also describes how charges and credits for Imbalance Energy, Ancillary Services, and Out-of-Market

transactions are accounted for in the ISO's Settlement system. Ex. No. ISO-24 at 9:1-12:12. Next, Mr. Gerber explains how the ISO's Settlements process moves from a specific trade date through a final statement for that trade date. Ex. No. ISO-24 at 12:22-14:2. Mr. Gerber also explains more fully the concepts of manual adjustments and manual entries, and how those manual actions are handled in the ISO's Settlements process. Ex. No. ISO-24 at 14:16-17:20. In the last part of this Section, Dr. Gerber provides a simple example of how the ISO Settlement process would actually work. Ex. No. ISO-24 at 18:1-22:6.

In the next section of his testimony, Mr. Gerber provides a detailed description of the ISO's Settlement recalculation process. Mr. Gerber states that the first step of this process involved taking a "snapshot" of Settlements data on a date certain. Ex. No. ISO-24 at 23:6-24:9. Then, Mr. Gerber explains the manner in which the mitigated price calculated by the ISO was applied to this data, including how the ISO accounted for transactions settled during the period in which price caps were in place in the ISO's markets. Ex. No. ISO-24 at 24:11-29:11. Next, Mr. Gerber describes the procedure which the ISO followed in rerunning its Settlements system pursuant to the July 25 Order. Ex. No. ISO-24 at 31:4-33:4.

In the next section of his testimony, Mr. Gerber explains how the ISO has displayed the results of its Settlements and billing rerun. Ex. No. ISO-24 at 33:7-34:14. Mr. Gerber also provides additional description of the results of the application of the mitigated price to the historic market transactions. Ex. No. ISO-24 at 35:1-37:13. In the final section of his testimony, Mr. Gerber describes the steps taken by the ISO in order to enable parties in this proceeding to determine what suppliers are owed by the

ISO, Investor Owned Utilities, and the State of California, and how the ISO has shown the results of those actions. Ex. No. ISO-24 at 37:16-41: