

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

City of Vernon, California)	
)	
v.)	Docket No. EL01-14-000
)	
California Independent System)	
Operator Corporation)	
)	

**SUPPLEMENTAL ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TO THE COMPLAINT OF
THE CITY OF VERNON, CALIFORNIA**

On November 29, 2000, the California Independent System Operator Corporation ("ISO") filed its Answer to the Complaint Requesting Fast Track Processing of the City of Vernon, California ("Vernon"). In its Answer, the ISO noted that the ISO Governing Board was going to meet on November 30, 2000 to consider: (1) Vernon's application to join the ISO as a Participating Transmission Owner ("Participating TO") and (2) the proposed amendments to the Transmission Control Agreement ("TCA") that would enable Vernon to become a Participating TO.¹ The ISO committed to inform the Commission as soon as possible about the outcome of the Governing Board meeting.

The ISO is pleased to report that the Governing Board unanimously approved Vernon's application, as modified by the ISO, to join the ISO and authorized ISO management to file the necessary amendments to the TCA.

¹ Capitalized terms not otherwise defined are used in the sense given in the Master Definitions Supplement, ISO Tariff Appendix A.

These amendments consist of two sets of changes to address Vernon joining the ISO:

- 1) A new Appendix to identify the Entitlements and Encumbrances in transmission facilities that Vernon is turning over to the Operational Control of the ISO; and²
- 2) Revised Sections 4.1.5, 6.2.2, 9.4, and 10.1.1 of the TCA to clarify the TCA in response to concerns raised by Vernon.³

The changes to the TCA also include two generic revisions that the ISO would file whether or not Vernon joins:

- 1) Updated ISO Maintenance Standards in Appendix C to the TCA that were authorized by the Governing Board at its meeting on September 7, 2000; and
- 2) A clarification to Section 16 of the TCA that any Participating TO, including Participating TOs that are not subject to the Commission's jurisdiction under Sections 205 and 206 of the Federal Power Act, will make any necessary refunds or adjustments to their Transmission Revenue Requirements or undertake any other actions necessary to implement Commission orders.⁴

² This appendix is meant to be consistent with the ISO's Section 203 application in Docket No. EC01-14-000 requesting the Commission's approval for the ISO to assume Operational Control of these interests.

³ These changes are described in detail in the ISO's November 29, 2000 Answer to Vernon's complaint filed this docket.

⁴ This last change is in response to the Commission's statement in *Mid-Continent Area Power Pool* that "[c]ontractual agreements involving regional transmission services can and should be crafted to ensure that duties and responsibilities of all parties, particularly in circumstances like these [i.e. responsibility for refunds], are clearly delineated in advance. *Mid-Continent Area Power Pool*, 92 FERC ¶ 61,229 at 61,756, n. 11 (2000). The ISO has previously informed Vernon of the need for this clarification. See for example, the ISO letters of October 20, 2000 and October 27, 2000 provided in Appendix C to Vernon's complaint. The specific language is as follows:

16.1 Application of the ISO Tariff. The ISO and the Participating TOs shall comply with the billing and payment provisions set forth in Section 11 of the ISO Tariff. ~~In addition, the Participating TO shall pay all appropriate charges including any charges that arise under the Self-Sufficiency test provisions of the~~

The ISO will be forwarding a copy of the TCA to Vernon today. The ISO anticipates that the Original Participating TOs (Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company) will execute the TCA as approved by the Governing Board. If Vernon agrees to promptly execute the document, the ISO anticipates that the TCA amendment can be filed by the end of next week. The ISO would be willing to file the proposed amendment to the TCA subject to the Commission's determination in Docket No. EL01-14-000 as to whether or not Vernon should be subject to the existing Alternative Dispute Resolution provisions.

In addition to executing the TCA to make Vernon a Participating TO effective on January 1, 2001, a TO Tariff must also be effective. The ISO awaits the Commission determination of the just and reasonableness of Vernon's TO Tariff as filed in Docket No. EL00-105-000.

ISO Tariff.

16.2 Refund Obligations. Each Participating TO whether or not it is subject to the rate jurisdiction of the FERC under Section 205 and 206 of the Federal Power Act, shall make all refunds, adjustments to its Transmission Revenue Requirements, and adjustments to its TO Tariff and do all other things required of a Participating TO to implement any FERC order related to the ISO Tariff, including any FERC order that requires the ISO to make payment adjustments or pay refunds to, or receive prior period overpayments from, any Participating TO. As such refunds and adjustments shall be made, and all other such actions taken in accordance with the ISO Tariff, unless the applicable FERC order requires otherwise.

CONCLUSION

Wherefore, for the reasons stated herein and in the ISO's November 29, 2000 Answer, the ISO respectfully requests that the Commission deny the complaint. The ISO Governing Board acted to approve Vernon's application to become a Participating TO and to make the necessary amendments to the TCA for Vernon to join the ISO by January 1, 2000.

Respectfully submitted,

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Dated: December 1, 2000

CERTIFICATE OF SERVICE

I hereby certify I have this day served this document upon each person designated on the official service list compiled by the Secretary in this docket 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 Washington, D.C. on this 1st day of December, 2000.

David B. Rubin

December 1, 2000

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: City of Vernon California v. California Independent System
Operator Corporation; Docket No. EL01-14-000**

Dear Secretary Boergers:

Enclosed is an original and fourteen copies of the Supplemental Answer of the California Independent System Operator Corporation To the Complaint of the City of Vernon, California in the above-captioned docket.

Also enclosed is an extra copy of the filing to be time/date stamped and returned to us by the messenger. Thank you for your assistance.

Respectfully submitted,

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Counsel for the California Independent
System Operator Corporation

Enclosures
cc: Service List