

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

California Independent System Operator Corporation	)	Docket No. ER98-211-000
	)	
California Power Exchange Corporation	)	Docket No. ER98-210-000 and ER98-1729-000
	)	
Southern California Edison Company	)	Docket No. ER98-462-000
	)	
Pacific Gas & Electric Company	)	Docket No. ER98-556-000 and ER98-557-000

**MOTION TO SHORTEN RESPONSE TIME  
FOR COMMENTS TO OFFER OF SETTLEMENT**

To: The Honorable Curtis L. Wagner, Jr.  
Chief Administrative Law Judge

Pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.212 (1997), the California Independent System Operator (ISO) hereby files this motion seeking a shortened response time for the comment period on the Offer of Settlement (Settlement) filed herewith. The ISO respectfully requests that an order be issued shortening the time for filing comments to 10 days for initial comments and 5 days for reply comments. If this motion is granted, initial comments would be due on April 17, 1998 and reply comments would be due on April 22, 1998. If no adverse comments are filed, the ISO respectfully requests that the Chief Judge certify the Settlement without waiting for reply comments.<sup>1</sup> The attached Settlement, if approved by the Commission, will resolve all issues presented in Docket Nos. ER98-211-000 and ER98-462-000, and will partially resolve the issues in ER98-210-000, ER98-1729-000, ER98-556-000, and ER98-557-000.

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<sup>1</sup> The ISO is also filing a Motion to Partially Consolidate Proceedings for Purposes of Settlement and to Suspend Procedural Schedules. The ISO requests that the procedural schedules be suspended immediately and the response time for the motion to consolidate be shortened to 10 days to coincide with the comments on the Offer of Settlement.

On October 17, 1997, the ISO submitted a rate filing with the Federal Energy Regulatory Commission (Commission) seeking approval of its Grid Management Charge (GMC), pursuant to Section 205 of the Federal Power Act and Section 35.13 of the Commission's regulations, 18 C.F.R. § 35.13 (1997) (October 17, 1997 rate filing). The ISO's rate filing was designated as Docket No. ER98-211-000. Also on October 17, 1998, the California Power Exchange Corporation (PX) filed for, among other things, approval of its PX Administration Charge. The PX Administration Charge proceeding was designated as ER98-210-000. On December 17, 1997, the Commission consolidated and set Docket Nos. ER98-211-000 and ER98-210-000 for hearing. On January 9, 1998, the Chief Administrative Law Judge held a prehearing conference and set a procedural schedule.<sup>2</sup>

On October 31, 1997, Southern California Edison Company (SoCal Edison) made a filing in Docket No. ER98-462-000 to pass through to its wholesale customers SoCal Edison's share of the ISO's GMC charge and the California Power Exchange's (PX) full requirements volumetric Administration Charge. On October 31, 1997, Pacific Gas and Electric Company (PG&E) filed a proposed formula rate in Docket No. ER98-556-000 to recover from certain existing customers a portion of the GMC. In Docket No. ER98-557-000, PG&E filed a proposed formula rate to recover a portion of the PX Administration Charge from existing wholesale customers. On December 17, 1997, the Commission set both of these filings for hearing.

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<sup>2</sup> On January 30, 1998, the PX filed an amendment to its rate filing, which was designated as Docket No. ER98-1729-000, set for hearing on March 30, 1998 and consolidated with the ER98-210-000 proceeding.

Discussion

The parties and the Commission Trial Staff have had several settlement conferences in an attempt to resolve many of the issues arising from the comprehensive restructuring of the California electric market. The ISO's Offer of Settlement is the result of extensive negotiations between the ISO, Commission Trial Staff and active intervenors and it attempts to resolve many of the issues presented by the filings in the captioned dockets. The parties and Staff have participated in settlement discussions, including two technical conferences held on January 28, 1998 and February 26, 1998, and were provided the opportunity to submit comments. Considerable time and effort has been spent to address comments provided by Staff and many of the active parties.

The ISO requests that the Presiding Administrative Law Judge shorten the time period provided for comments under the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(f), from 20 days to 10 days. The ISO requests a shortened response time for two reasons. First, the ISO is endeavoring to obtain permanent financing to fund its operations. This financing is scheduled to take place in late April 1998. The lending institutions that support and advise the ISO are hesitant to go ahead with a full financing as long as the ISO's GMC rate is uncertain. The ISO has obtained a commitment letter that will enable the ISO to finance its operations in one offering. This commitment is conditioned on certification of the Offer of Settlement. Under current market conditions, the ISO's ability to undertake full financing at the current low interest rates could save ratepayers between \$2.5 million and \$5 million. As soon as this settlement is certified to the Commission, the ISO believes it can obtain its full financing as planned. If the ISO must proceed with its financing without the benefit of a certified settlement,

the ISO will have to undertake a partial financing and it may be subject to a risk premium. This will result in additional interest and transactional costs to all parties. In addition, without a timely resolution of these proceedings, the ISO faces the risk that interest rates will rise before it is able to undertake the full financing, thereby increasing the ISO's cost of capital and exposing all market participants to increased costs.

Second, in Docket No. ER98-211-000, the ISO must file Prepared Supplemental Testimony by May 1, 1998. Pursuant to the Commission's Rules, initial comments on the Settlement would be due on April 27, 1998, and reply comments would be due on May 7, 1997. Thus, the ISO is required to file testimony just days before these proceedings could be resolved pursuant to the Offer of Settlement.<sup>3</sup> Accordingly, the ISO has endeavored to reach settlement on the issues raised in its rate filing to avoid the considerable time and expense that proceeding in this matter would require.

The ISO filed herewith a Motion to Partially Consolidate Proceedings for Purposes of Settlement and to Suspend Procedural Schedules, pursuant to Rule 503 of the Commission's Rules of Practice and Procedure. The ISO requests that the response time for answers to that motion be set at 10 days to coincide with comments on the Settlement.

The ISO can represent that no party on the restricted service list in these proceedings nor the Commission's Trial Staff opposes this Motion for Shortened Response Time.

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<sup>3</sup> Because all parties are facing such procedural deadlines, the ISO is also filing a motion to suspend the procedural schedules with respect to the issues covered by the Offer of Settlement.

Docket Nos. ER98-211-000  
ER98-210-000, *et al.*

WHEREFORE, the ISO hereby requests an order from the ALJ approving the requested shortened time period to provide comments on the Offer of Settlement filed herewith and answers to the Motion to Consolidate. Pursuant to the requested order, initial comments and answers would be due on April 17, 1998 and reply comments would be due on April 22, 1998.

Respectfully submitted,

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