

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

**Sierra Pacific Power Company**

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**Docket No. ER99-945-000**

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

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214, and the Commission's December 22, 1998 Notice of Filing, the California Independent System Operator Corporation ("ISO") hereby moves to intervene and submits comments in the above-captioned proceeding.

**I. COMMUNICATIONS**

Please address communications concerning this filing to the following persons:

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**II. BACKGROUND**

On December 17, 1998, Sierra Pacific Power Company ("Sierra") filed for Commission approval in the above-captioned docket a partially executed Operating and Scheduling Agreement ("O & S Agreement") between Sierra, the Bonneville Power Administration ("Bonneville"), and

PacifiCorp relating to the Alturas Intertie Project. The Alturas Intertie Project consists of an approximately 200 mile long 345 kV transmission line from Sierra's North Valley Road Substation, north of Reno, Nevada, to Sierra's Hilltop Substation near Alturas California. The Project is interconnected with Bonneville's Malin-Warner transmission line, located in Bonneville's control area, and terminates at PacifiCorp's Malin Substation facilities. Sierra requested waiver of the sixty-day prior notice requirement so that the O & S Agreement could be effective as of December 18, 1998. The Alturas Intertie was energized in December 1998 shortly after the O & S Agreement was filed with the Commission.

Sierra had previously submitted an Interconnection and Operation and Maintenance Agreement for the Alturas Intertie ("Interconnection Agreement") in Docket No. ER99-28. The ISO filed a Motion to Intervene in that docket but raised no substantive issues concerning the Interconnection Agreement. In that Motion, the ISO reserved the right to address any operational or scheduling issues related to the Alturas Intertie Project in the future.

A number of other parties, including various California utilities, submitted protests in Docket No. ER99-28. Those protestors stated that the Alturas Intertie project will reduce the interregional transfer capability of the California utilities to schedule power over the California-Oregon Intertie ("COI") due to constraints on the Northwest AC Intertie north of the COI. The protestors maintain that the operation of the Alturas Intertie would therefore be contrary to prior Commission opinions and would interfere with the pre-existing rights of California utilities unless certain measures are taken to address the impact of the Alturas Intertie on the transfer capability between the Pacific Northwest and California.

On November 30, 1998, the Commission issued an order in Docket No. ER99-28 acting on the Interconnection Agreement filing and addressing these concerns. Sierra Pacific Power Company,

85 FERC ¶ 61,314 (1998) ("November 30 Order"). The Commission accepted the Interconnection Agreement, but directed the parties to the Agreement and the protestors to negotiate operational procedures to ensure that the operation of the Alturas Intertie "does not jeopardize the reliability of the neighboring systems or diminish their ability to utilize their systems, including the Northwest AC Intertie." November 30 Order, slip op. at 6. The Commission further explained: "Utilities that choose to interconnect bear the responsibility to exercise all appropriate measures to resolve operational problems on a mutually acceptable basis." Id.

Sierra's December 17 filing in the instant docket acknowledges that issues related to transfer capability between California and the Pacific Northwest still need to be resolved through further negotiations but contends that the O & S Agreement can be accepted without prejudice to the resolution of those issues.<sup>1</sup>

### **III. BASIS FOR MOTION TO INTERVENE**

The ISO is a non-profit public benefit corporation organized under the laws of the State of California and responsible for the reliable operation of a grid comprising the transmission systems of Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company. The ISO is also responsible for the reliable operation of certain other facilities

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<sup>1</sup> Sierra recently filed a Notice of Compliance, Request for Clarification and, In the Alternative, Request for Rehearing in Docket No. ER99-28. A number of other parties have also submitted motions for clarification and/or requests for rehearing in that docket. The ISO does not comment on those filing in this submittal except to note that they are evidence that interregional transfer capability issues have, to date, not been resolved on a mutually acceptable basis.

internal to the ISO Control Area, including the California Oregon Transmission Project, which is part of the COI. As part of this function, the ISO is responsible for coordination with control areas interconnected with the ISO's Control Area. The ISO has therefore entered into Interconnected Control Area Operating Agreements with Sierra and PacifiCorp. The ISO has also entered into Scheduling Coordinator Agreements with various California Market Participants, including PacifiCorp and Bonneville. The ISO has a unique interest in any FERC proceedings that could affect the operation of the ISO Control Area or affect coordination with interconnected control areas. The ISO therefore has an interest in the instant proceeding which cannot adequately be represented by any other party.

#### **IV. COMMENTS**

In the transmittal letter submitted with the O & S Agreement, Sierra writes, "The California Independent System Operator . . . agrees that the Alturas Intertie may go into operation without prejudicing resolution of the allocation issue." Sierra Transmittal Letter at p. 5. In support of this statement, Sierra includes a letter dated December 11, 1998 from Terry M. Winter, Chief Operating Officer of the ISO to Dennis Eyre, Executive Director of the Western Systems Coordinating Council, as Attachment F to its filing ("December 11 Letter"). The ISO now clarifies its position as set forth in the December 11 Letter.

In connection with the impending operation of the Alturas Intertie Project, Bonneville provided the ISO with a revised Dispatchers' Standing Order No. 306 ("DSO 306") outlining operating procedures concerning the COI and the Reno Alturas Transmission System ("RATS"). The ISO has reviewed these procedures and believes that DSO 306 will provide for reliable operation of the COI and RATS for the 1998-99 Winter Operating Season. As Sierra's transmittal letter

accurately reflects, the ISO therefore agreed to operate the COI in accordance with DSO 306 "until another agreement is reached and there is a resolution of capacity allocations and curtailments priorities for COI and RATS." The December 11 Letter goes on to state, however, that the DSO 306 procedures "do not represent a 'mutually acceptable' agreement with the COI owners" as required by FERC's November 30 Order. The ISO believes that alternative operating procedures could be developed which would address the outstanding issues as well as provide for the reliable operation of the COI and RATS. Thus, although the ISO is willing to operate the COI pursuant to DSO 306 in the interim winter season, it believes that further negotiations are appropriate to ensure that operating procedures are developed which resolve these issues on a "mutually acceptable basis" as directed by the Commission's November 30 Order.

The ISO notes that the O & S Agreement submitted in the instant docket does not contain the detail necessary to address these issues. For example, the Agreement contains minimal guidelines on scheduling and curtailment procedures. See O & S Agreement § 10(e), Exhibit B at ¶ 2, and Exhibit C. Neither the DSO 306 operating procedures discussed in the ISO's December 11 Letter nor similarly detailed procedures are included as part of the O & S Agreement filing. As Sierra acknowledges in its transmittal letter, the O & S Agreement leaves many operational issues unresolved.

Although those parties affected by the Alturas Intertie continue to disagree on various issues, all interested parties do seem to agree that further negotiations are necessary to develop the appropriate operating procedures that will resolve the outstanding question of the impact of the Alturas Intertie on interregional transfer capability. In its transmittal letter in this docket, Sierra commits to negotiate with the California utilities on the "allocation issue." Sierra Transmittal Letter at p. 4. The ISO supports such further negotiations. The ISO is willing to take an active role in

whatever procedures or further negotiations the Commission directs the parties to take with respect to developing mutually acceptable operating procedures and requests that the Commission provide further guidance as to how the negotiations ordered in the November 30 Order should be conducted.

## V. CONCLUSION

Based on the foregoing, the ISO respectfully requests that the Commission permit it to intervene in this proceeding with the full rights of a party thereto and that the Commission act in accordance with comments submitted above.

Respectfully submitted,

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Attorneys for the California Independent System Operator Corporation

Date: January 7, 1999

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this Docket No. ER99-945-000, 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 7<sup>th</sup> day of January, 1999.

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Sean A. Atkins

January 7, 1999

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

Re: Sierra Pacific Power Company  
Docket No. ER99-945-000

Dear Secretary Boergers:

Enclosed for filing is one original and 14 copies of the Motion to Intervene and Comments of the California Independent System Operator Corporation in the above-referenced docket. An additional copy of the filing is also enclosed. Please stamp the additional copy with the date and time filed and return it to the messenger.

Thank you for your assistance in this matter.

Respectfully submitted,

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Kenneth G. Jaffe  
David B. Rubin  
Sean A. Atkins

Attorneys for the California  
Independent System Operator Corporation