

Pacific AC Intertie and the California-Oregon Transmission Project (“Amended OCOA”) because the amendments are agreed upon by the parties and are necessary to making PacifiCorp a party.

I. Background

The Amended OCOA is the third version² of the agreement governing the coordinated operation the Pacific AC Intertie (“PACI”) and the California Oregon Transmission Project (“COTP”) (together, the “System”).³ The PACI comprises two parallel 500 kV AC lines that run from the Malin substation in Oregon to the Tesla substation owned by Pacific PG&E in Central California, including various associated facilities. PG&E, the Western Area Power Administration, and PacifiCorp each own portions of the PACI. The COTP is a third 500 kV line that runs from the Captain Jack substation in Oregon to an interconnection with the PACI near PG&E's Tesla Substation.

In 2007, PacifiCorp proposed to terminate a lease under which it had provided its capacity on the PACI to PG&E. The proposed termination was the subject of litigation and extensive settlement procedures. The proceedings culminated in a settlement, which included eight new or revised agreements, including the Amended OCOA, a transmission exchange agreement, and a new lease agreement.⁴ Section 5.3 of the settlement provided:

² The first two versions were the Coordinated Operations Agreement and the OCOA, respectively.

³ The northern portions of the Pacific-AC Intertie and the California Oregon Transmission Path constitute the California Oregon Intertie.

⁴ See Offer of Settlement and Stipulation, filed November 21, 2007, in Docket No. ER07-882, approved *PacifiCorp*, 124 FERC ¶ 61,271 (2007).

The parties to the OCOA and COI-POA and PacifiCorp (1) shall commence good faith negotiations in an attempt to agree to further amendments to the OCOA and the [California Oregon Intertie Path Operating Agreement] to include PacifiCorp as a party to each agreement and to make other, related and necessary changes no later than January 1, 2009, and (2) shall execute the further amended OCOA and further amended [California Oregon Intertie Path Operating Agreement] by June 1, 2011. If mutual agreement cannot be reached, PacifiCorp or any party to the OCOA or the [California Oregon Intertie Path Operating Agreement] has the right to unilaterally propose amendments to the OCOA or the [California Oregon Intertie Path Operating Agreement] to become effective January 1, 2012, and to request that FERC resolve the disputed issues among the affected parties.

The ISO understands that the parties attempted in good faith to reach mutual agreement on a further amended OCOA and have reached agreement on the changes proposed by PG&E in this docket, but were unable to reach agreement based on the additional disputed changes proposed by PacifiCorp in Docket No. ER11-3865-000.

II. Comments

The Commission has been presented with two different versions of the Second Amended OCOA, one by PacifiCorp that includes the agreed upon changes and some additional disputed changes, and another by PG&E that includes only the agreed upon changes. The Commission should accept the version filed by PG&E in this docket and, for the reasons stated in the ISO protest filed in Docket No. ER11-3865-000, reject the version filed by PacifiCorp.

Coordinated operation of the California-Oregon Intertie is of significant interest to the parties and the Commission. One need look no further than the

Commission settlement proceedings that established the foundation on which PacifiCorp would be added as a party to the OCOA effective January 1, 2012. These interests of the parties and the Commission should not be put in jeopardy based on PacifiCorp's stated desire to clarify the original intent of the coordinated operations agreement. Given the choice among accepting the disputed changes filed by PacifiCorp and rejecting the agreed upon changes filed by PG&E, accepting the agreed upon changes filed by PG&E and rejecting the disputed changes filed by PacifiCorp, or suspending both versions and setting the matters for further proceedings, the ISO respectfully suggests the Commission simply reject the disputed changes filed by PacifiCorp and accept the agreed upon changes filed by PG&E.

The provisions that PacifiCorp seeks to amend were part of the original coordinated operations agreement and have governed operations for eighteen years. The only litigation where the meaning of these provisions has come into dispute was the ISO's filing of the Integrated Balancing Authority Area amendment to the ISO tariff, certain provisions of which the Transmission Agency of Northern California contended were contrary to the disputed provisions of the original coordinated operations agreement. The Commission rejected these arguments and found the ISO's proposal just and reasonable. If certain parties believe the provisions that PacifiCorp seeks to change are unjust or unreasonable, then they should challenge them through a complaint under section 206 of the Federal Power Act, rather than attempt to leverage the addition of PacifiCorp as a party into revisions of the Amended OCOA that serve

their particular interest. The Commission's acceptance of PG&E's version of the Second Amended OCOA would force those parties who believe their interests outweigh the collective benefits of continued coordinated operation of the COI to decide whether to accept the Commission's prior orders or threaten the loss of coordinated operations.

III. 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 the balancing authority responsible for the reliable operation of the electric grid comprising the transmission systems of a number of utilities, including PG&E, as well as the coordination of electricity markets. In addition, the ISO serves as the path operator for the California Oregon Intertie and was a party to the 2007 settlement that established the foundation upon which PacifiCorp would be added as a party to the Amended OCOA. The ISO requests that all communications and notices concerning this motion and these proceedings be provided to:

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IV. Conclusion

The ISO requests that the Commission accept the proposed changes to the Amended OCOA as proposed by PG&E. The amendments are necessary to making PacifiCorp a party and are agreed to by the parties.

Respectfully submitted

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Dated: July 19, 2011

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 proceeding, 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 19th day of July 2011.

Is/ Anna Pascuzzo
Anna Pascuzzo