

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

**California Independent System
Operator Corporation**

Docket No. ER12-50-000

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

Consistent with the Commission's Rules of Practice and Procedure,¹ the California Independent System Operator Corporation ("ISO") submits this Reply to the Motion to Intervene Out of Time and Comments of the Independent Energy Producers Association ("IEP") filed in the above-captioned proceeding. The Offer of Settlement remains uncontested. The Commission should approve the Offer as it is a fair and reasonable resolution of all the issues in this proceeding and is in the public interest.

The ISO does not oppose IEP's late motion to intervene in this proceeding. But the ISO also believes that were the Commission to deny IEP's late intervention, IEP would not be harmed in any way. IEP's specific request in their comments is that the Commission "make clear to the CAISO, market participants, and stakeholders in other related CAISO stakeholder proceedings, that the cost allocation methodology included as part of the overall settlement of the parties is not precedential in any respect." The ISO notes that the Offer of Settlement

¹ 18 C.F.R § 385.602(f) (2012).

already specifies in Section 6.3 that the Offer is not to be treated as precedential in this or any other proceeding. It specifically states:

The Offer of Settlement is intended to relate only to the specific matters referred to in the Offer of Settlement. Except as specifically provided for this Offer of Settlement or in the attached documents, nothing in the Offer of Settlement shall determine or constitute a ratemaking principle binding on the Parties in the future, and no Party shall be deemed to have approved, accepted, agreed, or consented for purposes other than this proceeding to any specific ratemaking methodology or principle, accounting treatment, or level of expense or revenue.

This addresses any concerns IEP might have about the precedential nature of the Offer.

Therefore, the ISO respectfully requests that the Commission approve the Offer of Settlement without modification.

Respectfully submitted,

By: /s/ Anna McKenna

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August 21, 2012

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service lists for the above referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2011).

Dated at Folsom, California this 21st day of August 2012.

Is/ Anna Pascuzzo

Anna Pascuzzo