UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Pacific Gas & Electric Company) Docket No. ER07-967-000

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

Pursuant to Rule 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. § 385.214, and the Commission's June 6, 2007, Combined Notice of Filing, the California Independent System Operator Corporation ("CAISO") hereby moves to intervene and provides comments in the above identified proceeding. The proceeding concerns a proposed amendment by Pacific Gas and Electric Company ("PG&E") to the Owners' Coordinated Operations Agreement ("OCOA"). The proposed amendment to the OCOA is directly related to the "Notice of Termination of Agreement for Use of Transmission Capacity among Pacific Power & Light Company, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company dated August 1, 1967" (referred to in the instant pleading as the "UTCA" and in prior CAISO pleadings as the "Capacity Agreement"), filed by PacifiCorp as successor to Pacific Power & Light Company in Docket No. ER07-882 on May 10, 2007. As discussed below, the CAISO supports PG&E's request for consolidation of the instant proceeding with Docket No. ER07-882.

I. COMMUNICATIONS

Please address communications concerning this filing to the following persons:

*John Anders,
Assistant General Counsel
Steve Greenleaf,
Director of Regional Market Initiatives
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 351-7222

*Sean A. Atkins
Michael E. Ward
Alston & Bird LLP
The Atlantic Building
950 F Street, N.W.
Washington, DC 20004-1404
Tel: (202) 756-3405
Fax: (202) 756-3333

Counsel for the California Independent
System Operator Corporation

* Individuals designated to receive service pursuant to Rule 203(b)(3) of the Commission's Rules of Practice and Procedure,18 C.F.R. § 385.203(b)(3).

II. BACKGROUND

The OCOA provides for the coordinated operation of the California Oregon Intertie ("COI"), which comprises the northern segments of the Pacific AC Intertie ("PACI") and the California-Oregon Transmission Project ("COTP"). The PACI portion of the COI consists of two parallel 500 kV AC lines that run from the Malin substation in Oregon to the Round Mountain substation in Northern California. The COTP portion of the COI is a 500 kV line that runs from the Captain Jack substation in Oregon to the Olinda substation in Central California.

The 47 miles of the eastern segment of the PACI from Malin to Indian Springs were built by and are owned by PacifiCorp. This portion of the eastern segment of the PACI is under lease to Pacific Gas and Electric Company pursuant to the UTCA. The remainder of the eastern segment of the PACI is owned by

PG&E. The western segment of the PACI is owned in part by PG&E and in part by the Western Area Power Administration ("Western"). All of the PACI facilities owned by PG&E or leased to PG&E by PacifiCorp have been placed under the Operational Control[1] of the CAISO since 1998 pursuant to the Transmission Control Agreement. The CAISO also has transmission rights on Western's facilities pursuant to the Transmission Exchange Agreement, also on file with the Commission. *See generally Pacific Gas & Elec. Co.,* 109 FERC ¶ 61,255 (2004).

Prior to the formation of the CAISO, the operation of the COI was coordinated by PG&E pursuant to the Coordinated Operations Agreement. The CAISO assumed that coordination role when the CAISO commenced operations in 1998. On January 1, 2005, because of the expiration of various contracts, the execution of the Transmission Exchange Agreement, and the contemplated transfer of the COTP to a different Control Area, the Coordinated Operations Agreement was replaced by the OCOA and the COI Path Operating Agreement. The CAISO is a party to the COI Path Operating Agreement, but not a party to the OCOA.[2] The CAISO continues to coordinate operations of the COI consistent with the terms of the COI Path Operating Agreement, which incorporates operational terms directly from the OCOA. Among other provisions, the OCOA terminates if the UTCA terminates and the COI Path Operating Agreement terminates if the OCOA terminates.

---

[1] Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the ISO Tariff, as filed August 15, 1997, and subsequent revised.

[2] The other parties to the COI Path Operator Agreement are PG&E, San Diego Gas & Electric Company, Southern California Edison Company, participants in the COTP, and Western. These entities are also the parties to the OCOA.

PacifiCorp provided formal notice of its intention to terminate the lease agreement on April 13, 2007. It filed a notice of termination of the UTCA with the Commission on May 10, 2007. On May 31, 2007, PG&E proposed amendments to the OCOA in the instant proceeding to address the proposed termination of the UTCA. These amendments to the OCOA would, inter alia, eliminate those provisions by which the OCOA terminates with the termination of the UTCA. In its filing, PG&E also requested consolidation of the instant proceeding with Docket No. ER07-882.

III. BASIS FOR MOTION TO INTERVENE

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California. The CAISO is responsible for the reliable operation of a grid comprising the transmission systems of Southern California Edison Company, San Diego Gas & Electric Company, Pacific Gas and Electric Company, and the Cities of Vernon, Pasadena, Anaheim, Azusa, Banning, and Riverside, California, and of Atlantic Path 15, LLC (formerly Trans-Elect NTD Path 15, LLC) and Western (Sierra Nevada Region), with regard to the Path 15 transmission lines in California. The CAISO is also the Balancing Authority for the area that includes the PACI.

As discussed above, the OCOA concerns major transmission facilities that currently are under the CAISO’s Operational Control and are part of the COI, which the CAISO coordinates as the primary transmission path between California and the Pacific Northwest. Termination of the OCOA would trigger the termination of the agreement under with the CAISO fulfills its role as path coordinator for the COI.

Any changes in the terms and conditions of the OCOA will affect the manner in which the CAISO is able to perform that role, as well as the circumstances under which the CAISO operates as Balancing Authority. Accordingly, the CAISO has unique interests in this proceeding that no other party can represent.

IV. COMMENTS

In its intervention and protest in Docket No. ER07-882, concerning PacifiCorp's notice of termination of the UTCA, the CAISO identified a number of issues that must be resolved before FERC or the CAISO can be assured that the termination of the UTCA and the related changes to operations and service over the PACI can be accomplished in a reliable manner that will not result in operational concerns or financial harm to customers. PG&E's proposed amendment to the OCOA such that the OCOA will not terminate with the termination of the UTCA is a significant first step toward resolution of those issues.

Mere perpetuation of the OCOA, however, is far from sufficient to address the issues raised in the CAISO's protest of PacifiCorp's filing. Unless PacifiCorp becomes a party to the OCOA and the COI Path Operating Agreement, the CAISO's ability to effectively coordinate the operations of the COI and maintain reliability may be severely compromised. Further, even if PacifiCorp does become a party, PG&E's proposed amendments to the OCOA do not resolve many of the other issues, such as rate issues, that are presented by the termination of the UTCA.

The CAISO therefore once again urges the Commission not to permit the termination of the UTCA to become effective until all of the issues identified in the

CAISO's May 31 intervention and protest in Docket No. ER07-882 have been resolved. The Commission also should not permit the termination to become effective until after the end of summer 2007 to ensure that the transition to the post-termination arrangements does not create operational issues or adversely affect the ability of customers to enter into necessary transactions during the always-challenging summer season. Although PacifiCorp has suggested in an Answer to the CAISO's protest in Docket No. ER07-882 that the CAISO's position regarding the reliability issues created by the termination of the UTCA is inconsistent with previous communications to PacifiCorp, that is not the case. The CAISO believes, and has always taken the position, that reliability issues cannot be resolved until PacifiCorp executes an amended OCOA and that, even then, PacifiCorp's execution of an amended COI Path Operating Agreement and certain other arrangements will be necessary to ensure that existing operating and reliability procedures are maintained for managing the COI.

In order to ensure that the issues identified by the CAISO can be resolved in a timely and comprehensive manner, the CAISO urges the Commission to delay the effective date of the amendments for a nominal period, to consolidate this proceeding with Docket No. ER07-882, and to establish settlement proceedings to allow interested parties to resolve these issues regarding continued reliable, efficient, and nondiscriminatory transmission service on the PACI.

V. CONCLUSION

Wherefore, for the foregoing reasons, the CAISO respectfully requests that the Commission (1) permit it to intervene and accord it full party status in this proceeding; (2) consolidate the instant proceeding with Docket No. ER07-882; (3) suspend the proposed termination of the related amendments to the OCOA for a nominal period; and (4) establish settlement proceedings to allow interested parties to address the issues created by the proposed termination of the UTCA and the necessary amendments to the OCOA.

Respectfully submitted,

/s/ Michael E. Ward

Nancy Saracino, General Counsel
John Anders, Assistant General Counsel
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 351-7222

Sean A. Atkins
Michael E. Ward
Alston & Bird LLP
The Atlantic Building
950 F Street, N.W.
Washington, DC 20004-1404
Tel: (202) 756-3405
Fax: (202) 756-3333

Counsel for the California Independent
System Operator Corporation

Date: June 21, 2007

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 21st day of June, 2007.

__*/s/ Charity Wilson*__

Charity Wilson