

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

PacifiCorp

)

Docket No. ER07-882-000

**MOTION FOR LEAVE TO ANSWER AND ANSWER  
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.213, 385.214, the California Independent System Operator Corporation ("CAISO") submits this Motion to for Leave to Answer and Answer to the "Answer to Comments, Motions to Reject, and Protests" ("PacifiCorp Answer") filed by PacifiCorp in the above identified proceeding on June 18, 2007. Because the PacifiCorp Answer was both out-of-time and, in part, an impermissible answer to protests, PacifiCorp separately filed a motion for leave to file its Answer. The CAISO does not object to PacifiCorp's motion for leave to file the PacifiCorp Answer. The CAISO does, however, respectfully request that the Commission grant it leave to respond to the PacifiCorp Answer for the limited purpose of correcting PacifiCorp's erroneous statement of the CAISO's position.

**I. ANSWER**

This proceeding concerns PacifiCorp's proposed termination of the Agreement for Use of Transmission Capacity among Pacific Power & Light Company, Pacific Gas and Electric Company ("PG&E"), Southern California Edison Company, and San Diego Gas & Electric Company dated August 1,

1967” (“Capacity Agreement”). As described in the CAISO’s Motion for Leave to Intervene, Protest, and Request for Settlement Procedures (“Protest”), under the Capacity Agreement, PacifiCorp leases to PG&E a segment of the Pacific AC Intertie (“PACI”), which is now under the CAISO’s Operational Control. Under the terms of the Owners’ Coordinated Operations Agreement (“OCOA”) and the COI Path Operating Agreement, the CAISO coordinates the operations of the Pacific AC Intertie as part of the California-Oregon Intertie (“COI”) – the primary transmission link between California and the Pacific Northwest. The CAISO noted in its Protest that it has identified certain issues that must be resolved, and have not yet been resolved, if the proposed termination of the Capacity Agreement is to be accomplished in a reliable manner that will not result in operational concerns or financial harm to customers.

The PacifiCorp Answer contends that the CAISO’s Protest “conflicts” with its previous communications with PacifiCorp and that a CAISO April 24 email to PacifiCorp contains “numerous admissions against interest that undercut most, if not all, of the CAISO’s protest.” PacifiCorp Answer at 24. These assertions are simply wrong.

In the April 24 email, attached to the PacifiCorp filing, Mr. Steve Greenleaf, CAISO Director of Regional Market Initiatives, stated that ISO reliability concerns *would* be addressed if 1) there was no control area boundary change; 2) PacifiCorp became a signatory to the OCOA; and 3) arrangements were made for maintaining all existing reliability and operating procedures for managing the intertie. Contrary to PacifiCorp’s implication, this does not mean

that those issues *have been* addressed. The fact is that PacifiCorp has not as yet become a signatory to the OCOA and arrangements have not been made for establishing or maintaining the necessary operating and reliability procedures. Thus, the CAISO took the exact same position in its protest: “At a minimum, to address the operational impacts of the proposed termination, PacifiCorp must become a party to the OCOA, and the COI Path Operating Agreement [which establishes procedures for operating the Intertie] needs to be updated to reflect this additional Transmission Operator at the COI.” CAISO Protest at 8.

Similarly, in the email, the CAISO addressed the various alternatives for dealing with PacifiCorp’s ownership rights, laying out two different options and the various agreements that would be required for each, such as an Interim Operating Agreement. In the Protest, the CAISO stated:

In addition, the scope of the CAISO’s operating authority over the PACI after the proposed termination needs to be defined. Today the CAISO has extensive authority over the entire PACI because these transmission facilities are subject to the CAISO’s operational authority under the Transmission Control Agreement. If the termination is permitted to become effective, it is at best uncertain what authority the CAISO will have over the PacifiCorp portion of the PACI. PacifiCorp has indicated that it intends to leave the PACI in the CAISO Control Area but that PacifiCorp does not intend to become a PTO, thereby removing its portion of the PACI from the CAISO Controlled Grid. The CAISO has proposed an “Interim Operating Agreement” as one alternative to address these operational issues, but the terms of this agreement have not been resolved.

*Id.* at 9. Later, the CAISO explained in detail the two options that had been discussed in the email. *Id.* at 12-17.

In short, in his email, Mr. Greenleaf explained that the CAISO’s concerns with the termination of the Capacity Agreement could be resolved with the

development of operational and reliability arrangements and the amendment and execution of various agreements. The CAISO has engaged in good faith discussions with PacifiCorp toward resolution of these issues, but many of these matters are not within the CAISO's control. The necessary events have not occurred as yet, and the CAISO has accordingly explained in its Protest that, until those events occur, its concerns remain. There is nothing inconsistent in the CAISO's position.

## **VI. CONCLUSION**

Wherefore, the CAISO respectfully requests that the Commission accept this Answer, consider the matters contained herein, and grant the relief requested in the CAISO's Protest.

Respectfully submitted,

**/s/ Sean A. Atkins**

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Dated: June 26, 2007

## **Certificate of Service**

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-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 this 26<sup>th</sup> day of June, 2007 at Folsom in the State of California.

*/s/ Charity Wilson*  
Charity Wilson