UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Pacific Gas and Electric Company	**)**	**Docket No. ER01-839-000**
	)	

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

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. §§ 385.212 and 385.214, and the Commission's January 5, 2001 Notice of Filing, the California Independent System Operator Corporation ("ISO")[1] hereby moves to intervene and provide comments in the above-captioned proceeding. In support thereof, the ISO states as follows:

I. COMMUNICATIONS

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[1] Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, Appendix A to the ISO Tariff.

II. BACKGROUND

On December 29, 2000, Pacific Gas and Electric Company ("PG&E") tendered for filing revisions to its Transmission Owner Tariff ("TO Tariff"). PG&E stated that the proposed revisions include rate changes required to implement the implementation by the ISO of the new transmission Access Charge ("TAC") methodology. PG&E requested that the Commission authorize that the proposed TO Tariff changes be made effective for service rendered on and after January 1, 2001, provided that the City of Vernon, California became a Participating Transmission Owner as of January 1, 2001.

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 PG&E, Southern California Edison Company ("SCE"), and San Diego Gas & Electric Company ("SDG&E"), as well as for the coordination of the competitive electricity market in California. As the operator of this grid and the entity that will implement the new TAC methodology, the ISO believes that it has a unique interest in any Commission proceeding concerning the agreement submitted. Accordingly, the ISO requests that it be permitted to intervene herein with full rights as a party.

The ISO reserves the right to raise substantive issues regarding any further aspects of the proceeding ordered by the Commission. The ISO also reserves the right to file supplemental comments if warranted.

IV. COMMENTS

The ISO notes that PG&E proposes, among other things, "a split of its Transmission Revenue Requirement between its High Voltage and Low Voltage facilities for purposes of calculating the ISO's [High Voltage Access Charge], PG&E's Low Voltage Access Charge, and PG&E's High Voltage Utility-Specific Access Charge."[2] However, as the ISO pointed out in its intervention concerning the filing made by PG&E in Docket No. ER01-66-000 on October 6, 2000 ("TO 5 Filing"), the ISO is concerned that the split which PG&E proposes would shift costs from persons using PG&E's low voltage facilities to those customers paying the High Voltage Access Charge while not doing so for users of other Participating TOs' low voltage facilities. This occurs because PG&E inappropriately adds a Local Facilities Adjustment Factor to the High Voltage Transmission Revenue Requirement which the ISO applies to customers who take service at voltages above 200 kV. Consequently, this allocation may not result in an accurate division of the High and Low Voltage Transmission Revenue Requirements.[3] Additionally, there should be consistency among the TO Tariffs of the Participating TOs whose transmission systems constitute the ISO Controlled Grid, but the proposed revisions to the TO Tariffs of SCE and SDG&E, which are consistent with the procedure drafted by the ISO, do not contain a split

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[2] *See* Transmittal Letter for PG&E TO Tariff Filing at 9-10.

[3] *See* Motion to Intervene and Limited Protest of the California Independent System Operator Corporation, Docket No. ER01-66-000 (Oct. 27, 2000), at 4-6.

such as the one PG&E has proposed.[4] Thus, the ISO has some reservations about PG&E's proposal.

Nevertheless, for the following reasons, the ISO would not object if the split were to be approved in the instant proceeding without prejudice to the outcome of the similar issue in the TO 5 case. The ISO recognizes that the split proposed in this proceeding would only be in effect until July 1, 2001, when the rates described in the TO 5 Filing will go into effect, subject to refund, and be incorporated into the ISO's High Voltage Access Charge.[5] Moreover, under the new Access Charge methodology, in the year 2001 only 10 percent of PG&E's High Voltage Transmission Revenue Requirement will be shifted to an ISO grid-wide component,[6] and thus 90 percent of PG&E's High Voltage Transmission Revenue Requirement will remain utility-specific. Additionally, the ISO understands from discovery conducted in the TO 5 case that the difference between PG&E's and the ISO's methodologies might not result in a significant cost difference.[7]

The ISO also notes that PG&E is incorrect in asserting that the applicable charges shall be paid by the Participating TOs to the ISO pursuant to the ISO

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4 *See* SCE TO Tariff Filing, Docket No. ER01-831-000 (Dec. 29, 2000); SDG&E TO Tariff Filing, Docket No. ER01-832-000 (Dec. 29, 2000).

5 *See Pacific Gas and Electric Company*, 93 FERC ¶ 61,207 (2000); Transmittal Letter for Amendment No. 27 Filing, Docket No. ER00-2019-000 (Mar. 31, 2000), at 17. The Commission has accepted Amendment No. 27 for filing, suspended for a nominal period, subject to refund, and set it for hearing. The hearing is held in abeyance pending efforts at settlement. *California Independent System Operator Corporation*, 91 FERC ¶ 61,205 (2000).

6 *See* Transmittal Letter for Amendment No. 27 Filing at 12.

7 The ISO notes that most of the rationales which PG&E provides for its proposed split accord with what the ISO has described above: that PG&E's Transmission Revenue Requirement is based on a black-box settlement; that this revenue requirement will apply for a limited time until PG&E's TO 5 revenue requirement becomes effective; and no significant cost difference might result from applying PG&E's methodology rather than the ISO's methodology. *See* Transmittal Letter for PG&E TO Tariff Filing at 9-10.

Tariff.[8] Under the ISO Tariff, it is the Original Participating TOs that pay the Transition Charge, and the Utility Distribution Companies, Metered Subsystems, and Scheduling Coordinators that pay the Access Charge.[9]

V. CONCLUSION

Wherefore, for the foregoing reasons, the ISO respectfully requests that the Commission permit it to intervene, that the Commission take the comments presented above into account in rendering an order concerning PG&E's filing, and that the ISO be accorded full party status in this proceeding.

Respectfully submitted,

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8 *See* PG&E TO Tariff Filing, Original Sheet No. 4, § 1.1.
9 *See* Amendment No. 27 Filing.