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August 6, 2002

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: Public Service Company of New Mexico
Docket No. ER02-2323-000**

Dear Secretary Salas:

Enclosed for filing are one original and 14 copies of the Motion to Intervene and Protest of the California Independent System Operator Corporation, submitted in the above-captioned proceeding. Two additional copies of the filing are also enclosed. Please stamp the two additional copies with the date and time filed and return them to the messenger.

Thank you for your attention in this matter.

Respectfully submitted,



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Corporation

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

**Public Service Company of) Docket No. ER02-2323-000
New Mexico)**

**MOTION TO INTERVENE AND PROTEST 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 July 19, 2002 Notice of Filing, the California Independent System Operator Corporation ("ISO") hereby moves to intervene in the above-captioned proceeding. In support thereof, the ISO states as follows:

I. COMMUNICATIONS

Please address communications concerning this filing to the following persons:

William Hayes*
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* 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).¹

II. BACKGROUND

As described in the Notice of Filing, on July 16, 2002, Public Service Company of New Mexico ("PNM") submitted for filing a unilaterally executed copy of a service agreement ("Agreement") with the ISO dated July 12, 2002, for electric energy and/or capacity sales at negotiated market-based rates under PNM's Power and Energy Sales Tariff (FERC Electric Tariff, First Revised volume No. 3). PNM has requested an effective date of June 18, 2002 for the Agreement.

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 San Diego Gas & Electric Company, the City of Vernon, California, Southern California Edison Company, and Pacific Gas and Electric Company, as well as for the coordination of the competitive electricity market in California. As the operator of the grid and coordinator of the electricity market, the ISO believes that it has a unique interest in any Commission proceeding concerning the filing described above, which concerns an Agreement with the ISO for electric energy and/or capacity sales.

¹ In addition to Mr. Hayes and Mr. Rubin, the ISO respectfully requests that Ms. Le Vine be included in the Official Service List. Mr. Hayes and Ms. Le Vine work in separate buildings, and it would be of significant assistance to the ISO if both were included on the list.

Accordingly, the ISO requests that it be permitted to intervene herein with full rights as a party.

IV. PROTEST

The ISO protests the filing of the Agreement by PNM, for two reasons. First, PNM did not provide the ISO with any notice that it was planning to file the Agreement; the first notice the ISO had that the Agreement had been filed was when ISO staff was reviewing the Commission Notices of Filing for July 19, 2002. The ISO did not even receive the service copy of the filing. Thus, the filing of the Agreement was made without the ISO's knowledge or approval.

Second, the ISO protests the Agreement based on its terms. The "Billing/Payment" section of the Agreement provides that each bill is to be submitted by the 10th day of each month following the month of service, and that payment of each bill is to be made by the 25th day of each month following the month of service, i.e., the Agreement provides for a 15-day billing timeframe. This timeframe does not conform to the timeframe described in the ISO's Settlement and Billing Protocol ("SABP"). The mismatch between the timeframe under the Agreement and the timeframe under the SABP is problematic because that mismatch (or any mismatch) could compromise the ISO's status as a cash neutral entity. The ISO does not maintain any funds that would allow for any mismatches in billing timeframes. Instead, the ISO serves simply as a conduit for amounts received from Scheduling Coordinators and amounts to be distributed to Scheduling Coordinators. Therefore, all Market Participants must adhere to the billing timeframe described in the SABP in order to maintain the ISO's cash

neutral status. Absent this process, the ISO has no money to pay PNM. For this reason, the Commission at a minimum should require PNM to amend its Agreement so that the billing timeframe therein is the same as the ISO's billing timeframe.

The ISO has been working with PNM for over a year, regarding PNM becoming a Scheduling Coordinator in accordance with the ISO Tariff. On August 2, 2002, the ISO filed with the Commission an executed Scheduling Coordinator Agreement ("SCA") with PNM effective July 19, 2002. The SCA allows PNM to participate in the ISO's markets and binds PNM to the terms and conditions of the Commission-approved ISO Tariff.

The transactions provided for under the Agreement have been for one hour on June 18, 2001, and for two hours on July 10, 2001. Thus, in the alternative, the parties could revise the SCA to make it effective June 18, 2002. The transactions could then be settled under the SCA in accordance with the ISO Tariff, and the Commission could reject the Agreement.

V. CONCLUSION

Wherefore, for the foregoing reasons, the ISO respectfully requests that the Commission permit it to intervene, and that it be accorded full party status in this proceeding, and that the Commission provide the relief described above.

Respectfully submitted,



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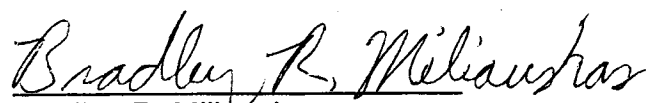
Counsel for the California Independent
System Operator Corporation

Date: August 6, 2002

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents upon each person designated on the official service list compiled by the Secretary in this proceeding, in accordance with Rule 385.2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C., on this 6th day of August, 2002.


Bradley R. Miliauskas