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August 9, 2004

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

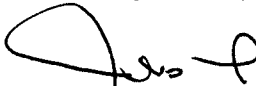
Re: *City of Vernon, California, Docket No. EL00-105-007*

***California Independent System Operator Corporation,
Docket No. ER00-2019-007***

Dear Secretary Salas:

Enclosed please find an original and 7 copies of the Prepared Cross-Answering Testimony and Exhibits of Deborah A. Le Vine on behalf of the California Independent System Operator Corporation. Two additional copies of this filing are enclosed to be stamped with the date and time of filing and returned to our messenger. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,



Julia Moore

Counsel for the California Independent System
Operator Corporation

Cc: The Honorable Carmen A. Cintron
Service List

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

City of Vernon, California) Docket No. EL00-105-007, et al.

California Independent System) Docket No. ER00-2019-007
Operator Corporation)

Summary of Prepared Cross-Answering Testimony of
Deborah A. Le Vine on Behalf of the California
Independent System Operator Corporation

Ms. Le Vine responds to the testimony of Southern California Edison Company and the Commission Trial Staff by describing how the City of Vernon (“Vernon”) turned over Operational Control of its Entitlements on the Mead Adelanto Project (“MAP”) and the Mead Phoenix Project (“MPP”) to the California Independent System Operator Corporation (“ISO”) by executing the Transmission Control Agreement (“TCA”) effective January 1, 2001.

Ms. Le Vine then explains the delay between the time that such Operational Control was turned over and the time when the ISO began scheduling the MAP and MPP Entitlements.

Finally, Ms. Le Vine explains that the fact that the MAP and MPP Entitlements were not scheduled by the ISO until January 1, 2003 is not a basis for preventing Vernon from recovering its Transmission Revenue Requirement related to those Entitlements for the period from January 1, 2001 and December 31, 2002.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

City of Vernon, California)	Docket No. EL00-105-007
California Independent System Operator Corporation)	Docket No. ER00-2019-007

PREPARED CROSS-ANSWERING
TESTIMONY OF
DEBORAH A. LE VINE
ON BEHALF OF THE
CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. My name is Deborah A. Le Vine and I am the Director of Contracts for the
3 California Independent System Operator ("ISO"). My business address is
4 151 Blue Ravine Road, Folsom, California 95630.

5 **Q. IN WHAT CAPACITY ARE YOU EMPLOYED?**

6 A. As the Director of Contracts, I am responsible for development,
7 negotiation and administration of all *pro forma* agreements executed by
8 Market Participants and reliability agreements executed by certain
9 Generators and Loads. Additionally, I have been assigned a number of
10 special projects for the corporation.

11 **Q. HAVE YOU HAD SPECIFIC RESPONSIBILITIES AT THE ISO IN
12 CONNECTION WITH THE TRANSMISSION ACCESS CHARGE?**

13 A. Yes. I was the project manager for the ISO's development of a new
14 transmission Access Charge, which was filed as Amendment No. 27 to the
15 ISO Tariff. I continue to have responsibility for amendments to, and
16 litigation concerning, the ISO Tariff provisions regarding the transmission
17 Access Charge. In addition, I am responsible for the ISO's
18 implementation of the transmission Access Charge and assist the
19 Settlements Department in any implementation issues.

20 **Q. BECAUSE OF YOUR INVOLVEMENT WITH THE TRANSMISSION
21 ACCESS CHARGE, HAVE YOU BEEN RESPONSIBLE FOR THE NEW
22 PARTICIPATING TRANSMISSION OWNERS?**

23 A. As an offshoot of the Access Charge, I have been the project manager for
24 all matters concerning Transmission Owners that want to become New

1 Participating TOs and turn over Operational Control of their transmission
2 facilities to the ISO.

3 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
4 **QUALIFICATIONS.**

5 A. I received a Bachelor of Science degree in Electrical Engineering from
6 San Diego State University in San Diego, California in May 1981. In
7 May 1987, I received a Master in Business Administration from
8 Pepperdine University in Malibu, California. In December 2002, I
9 completed an Executive Program in Driving Government Performance:
10 Leadership Strategies that Produce Results from the John F. Kennedy
11 School of Government, Harvard University in Cambridge, Massachusetts.
12 Additionally, I am a registered Professional Electrical Engineer in the State
13 of California.

14 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THIS COMMISSION?**

15 A. Yes. I have previously submitted testimony on behalf of the ISO in Docket
16 No. ER98-1057-000, et al., concerning the ISO's Responsible
17 Participating Transmission Owner Agreements; Docket No. ER98-992-
18 000, et al., pertaining to the ISO's Participating Generator Agreements;
19 Docket No. ER98-1499-000, et al., involving the ISO Meter Service
20 Agreements for Scheduling Coordinators and ISO Metered Entities;
21 Docket No. ER98-997-000, et al., ("QF PGA proceeding"), regarding the
22 application of the ISO's Participating Generator Agreement to qualifying
23 facilities ("QFs"); Docket No. EL99-93-000, et al., regarding the Turlock
24 Irrigation District and Modesto Irrigation District complaint; Docket No.
25 ER01-66-000, et al., regarding Pacific Gas and Electric Company's

1 ("PG&E") Transmission Owner ("TO") Tariff ("TO 5 Filing"); Docket No.
2 ER00-2019-000, et al., involving the ISO's transmission Access Charge
3 filing as required by California State Legislation; Docket No. ER00-2360-
4 000, et al., regarding the PG&E Reliability Service Tariff; Docket No.
5 ER01-839-000, et al., regarding PG&E's transmission Access Charge
6 implementation; Docket No. ER01-831-000, et al., regarding San Diego
7 Gas & Electric Company's ("SDG&E") transmission Access Charge
8 implementation; Docket No. ER01-832-000, et al., regarding Southern
9 California Edison Company's ("SCE") transmission Access Charge
10 implementation, (collectively referred to as the "Implementation Dockets");
11 Docket No. ER01-313-000, et al., regarding the ISO's position with regard
12 to certain billing determinants for the ISO's Grid Management Charge
13 ("GMC"); Docket No. ER02-2192-000, *et. al.*, modifying the rate
14 stabilization plan of the transmission Access Charge and clarifying what
15 Scheduling Coordinators pay the ISO Access Charge; and Docket Nos.
16 EL03-15 and EL03-20, regarding the Transmission Revenue
17 Requirements of the Cities of Anaheim and Riverside, California.
18 Additionally, I have testified in a number of proceedings before the
19 California Public Utilities Commission.

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

21 A. The purpose of my testimony is to respond to the testimony submitted in
22 this proceeding by the Commission Staff and SCE by describing the ISO's
23 Operational Control over Vernon's transmission facilities and Entitlements,
24 including the Entitlements on the Mead-Adelanto Project ("MAP") and

1 Mead-Phoenix Project ("MPP") and associated contracts with the Los
2 Angeles Department of Water and Power ("LADWP").

3 **Q. AS YOU TESTIFY, WILL YOU BE USING ANY SPECIALIZED TERMS?**

4 A. Yes. I will be using terms defined in the Master Definitions Supplement,
5 Appendix A of the ISO Tariff.

6 **Q. WITNESSES FOR SOUTHERN CALIFORNIA EDISION COMPANY AND**
7 **THE COMMISSION STAFF CONTEND THAT THE ISO DID NOT**
8 **ASSUME OPERATIONAL CONTROL OVER THE MAP AND MPP**
9 **ENTITLEMENTS UNTIL JANUARY 1, 2003. DO YOU AGREE?**

10 A. No. The City of Vernon turned over Operational Control of its Entitlements
11 in the MAP and MPP, together with the rest of its transmission facilities, to
12 the ISO effective January 1, 2001 when it executed the Transmission
13 Control Agreement ("TCA"), and the Vernon-executed TCA was made
14 effective by the Commission.

15 **Q. WHAT IS THE TRANSMISSION CONTROL AGREEMENT?**

16 A. The Transmission Control Agreement is the agreement executed by all
17 Participating Transmission Owners ("Participating TOs") and the ISO to
18 establish the relationship between the ISO and the Participating TOs with
19 respect to Operational Control, interconnections, maintenance and outage
20 coordination, and information regarding the transmission facilities and
21 Entitlements of those Participating TOs. The TCA as executed by Vernon
22 was approved by the Commission on February 21, 2001, effective January
23 1, 2001.

24 **Q. WHAT IS OPERATIONAL CONTROL?**

1 A. Operational Control is the right conveyed to the ISO from the Participating
2 TOs in the TCA to direct the Participating TOs how to operate their
3 facilities or use their Entitlements. Operational Control is a multi-faceted
4 term. In general, the features of the ISO's Operational Control appear in
5 the ISO Tariff and Protocols and in the ISO's Operating Procedures.
6 Operational Control varies significantly depending upon whether the
7 transmission facilities are inside or outside the ISO Control Area. Among
8 other matters, the ISO schedules, directs maintenance, coordinates
9 outages, measures and controls power flows, and responds to System
10 Emergencies for ISO Controlled Grid facilities inside the ISO Control Area.
11 For ISO Controlled Grid facilities outside the ISO Control Area, the ISO's
12 Operational Control is largely limited to ISO coordinating schedules and
13 outages with the applicable Control Area Operator.

14 **Q. DID THE ISO GOVERNING BOARD APPROVE THE APPLICATION**
15 **FROM VERNON AND THEREFORE THE MAP AND MPP**
16 **ENTITLEMENTS?**

17 A. Yes, the ISO Governing Board voted at its October 2000 board meeting
18 that the ISO accept the application of Vernon. See
19 <http://www.caiso.com/pubinfo/BOG/documents/motions/20001004/Board/b5vernontofiling.htm>

20 **Q. WHEN DID THE ISO BEGIN SCHEDULING THE MAP AND MPP**
21 **ENTITLEMENTS?**

22 A. The ISO began scheduling the MAP and MPP Entitlements in its
23 Scheduling Infrastructure on January 1, 2003, once it had developed

1 Scheduling Points for the Westwing and Marketplace substations and
2 scheduling procedures for the Entitlements.

3 **Q. WHY ARE SCHEDULING POINTS NECESSARY?**

4 A. The ISO's scheduling and Congestion Management systems employ a
5 radial branch group methodology for transactions on lines outside the ISO
6 Controlled Grid, such as the MAP and MPP Entitlements. This
7 methodology was recently described in testimony filed by Mr. Ziad
8 Alaywan on behalf of the ISO in Docket No. EL03-15, excerpts of which I
9 am attaching as Exhibit ISO-2. The terminus of a Branch Group is a
10 Scheduling Point. Thus, in order for the ISO to allow a Market Participant
11 to schedule a transaction on a facility that is under the ISO's Operational
12 Control but that extends into another Control Area, there must be an ISO
13 Scheduling Point associated with the terminus of that facility.

14 **Q. WHY DID THE ISO NOT HAVE SCHEDULING POINTS AND**
15 **PROCEDURES FOR THESE ENTITLEMENTS IN PLACE EARLIER?**

16 A. The ISO and Vernon had been working on a plan to utilize the MAP and
17 MPP facilities, and a general plan was developed in the summer of 2000.
18 Within a short period of time thereafter, however, California was in the grip
19 of the energy crisis. This crisis absorbed the time and attention of relevant
20 ISO personnel. The ISO had no choice but to devote all of its resources
21 and attention to keeping the lights on and resolving the problems that led
22 to the crisis. The development of the software and procedures for the
23 integration of the MAP and MPP into the ISO Scheduling process became
24 delayed as ISO personnel were focused on the issues surrounding the
25 energy crisis. By the time that ISO personnel were able to turn their

1 attention to the MAP and MPP, the Southern Cities had provided
2 notification that they were about to become Participating TOs, and it made
3 sense to develop procedures and software modifications to accommodate
4 all of the Entitlements to these lines at the same time.

5 **Q. IS IT THE ISO'S POSITION THAT THE FACT THAT THE ISO WAS**
6 **UNABLE TO MODIFY ITS SOFTWARE TO INCLUDE THE ABILITY TO**
7 **SCHEDULE ON THE MAP AND MPP ENTITLEMENTS PRIOR TO 2003**
8 **PREVENT VERNON FROM RECOVERING ITS TRR RELATED TO**
9 **THOSE ENTITLEMENTS PRIOR TO THAT TIME, AS HAS BEEN**
10 **SUGGESTED BY SCE AND STAFF?**

11 **A.** No. The delay in developing scheduling procedures, and hence the delay
12 in providing access to the Entitlements to Market Participants through the
13 ISO's markets, should not prevent Vernon's recovery. The ISO Tariff
14 definition of Operational Control relies upon the ISO's authority to use the
15 lines, and is not affected by a temporary obstacle to that use.

16 In that sense this temporary lack of software and scheduling
17 procedures is akin to what happens during an outage of any facility under
18 ISO Operational Control. There is no impact on the TRR recovery of, say,
19 SCE when a transmission facility is temporarily offline. For example, the
20 Pacific DC Intertie will be out of service for four months, but the
21 Participating TOs will continue to recover their TRRs in connection with
22 the line throughout that period. There is no reason to treat the MAP and
23 MPP Entitlements differently.

24 **Q. THANK YOU. I HAVE NO FURTHER QUESTIONS.**

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

City of Anaheim, California)	Docket Nos. EL03-15-000
)	
City of Riverside, California)	EL03-20-000

PREPARED CROSS-ANSWERING TESTIMONY OF
ZIAD ALAYWAN
ON BEHALF OF THE
CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

City of Anaheim, California
Docket Nos. EL03-15-000 and EL03-20-000

Exhibit No. ISO-8
Page 1 of 15

1 **Q PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 **A** My name is Ziad Alaywan. I am the Director Of Market Operations for the
3 California ISO. My business address is 151 Blue Ravine Rd., Folsom, California
4 95762.

5 **Q HAVE YOU HELD PREVIOUS POSITIONS AND RESPONSIBILITIES WITH**
6 **THE ISO?**

7 **A** Yes, I have previously held the positions of Manager of Operations and Director
8 of Operations Engineering and Maintenance.

9 **Q PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
10 **QUALIFICATIONS.**

11 **A** I have more than 16 years of experience in the energy sector, electric system
12 operations, restructuring, market design and implementation. In my current
13 position as Director of Market Operations at the California ISO, I oversee the
14 implementation and the operation of the Day-Ahead, Hour-Ahead and Real Time
15 Markets. This includes operation of the Ancillary Services, Congestion
16 Management, Energy spot Markets, network modeling, and the Firm
17 Transmission Rights ("FTR") auction. I was one of the first employees hired by
18 the ISO in June 1997 and was instrumental in start-up of the pioneering
19 organization with responsibility to implement and operate the ISO markets. Prior
20 to the formation of the California ISO, I was working for the ISO trustees and led
21 the effort in putting together the new organization, focused on development and
22 implementation of the bidding, Scheduling and pricing systems.

City of Anaheim, California
Docket Nos. EL03-15-000 and EL03-20-000

Exhibit No. ISO-8
Page 2 of 15

1 Prior to my experience at the ISO, I worked at Pacific Gas and Electric
2 Company ("PG&E") in various positions in system operations, real-time
3 Dispatch, power plant operation, and transmission planning. From 1993-
4 1996, I supervised the real-time operations of PG&E Generation,
5 transmission, and scheduling. I received Bachelor's and Master's
6 degrees in Electrical Engineering from Montana State University in 1987.
7 I am also a certified Professional Engineer in the State of California. I
8 completed an Executive Management program at the Haas School of
9 Business, University of California, Berkeley, California, 2002.

10 **Q HAVE YOU TESTIFIED PREVIOUSLY BEFORE THIS COMMISSION?**

11 **A No.**

12 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 **A As discussed in the testimony of Ms. Le Vine, I will provide information in**
14 **response to four areas of the testimony of Dr. David Marcus: Scheduling**
15 **restrictions on the NTS and STS; the impact of the ISO's market redesign on**
16 **those Scheduling restrictions; whether Anaheim and Riverside have**
17 **discriminatory access to the NTS and STS; and Anaheim's and Riverside's**
18 **usage of the NTS and STS in comparison with other utilities' usage of their**
19 **entitlements.**

20 **SCHEDULING RESTRICTIONS ON THE NTS AND STS**

21 **Q WHAT IS THE ISO'S NETWORK METHODOLOGY?**

22 **A The ISO network model used currently for Congestion Management is composed**

1 of radially connected Congestion Zones. Congestion Management is performed
2 in the forward markets only on the Inter-Zonal Interfaces between Congestion
3 Zones. Intra-zonal Congestion mitigation takes place in real time through out-of-
4 sequence Dispatch instructions. As a result of this zonal Congestion
5 Management, the marginal Congestion price between any two Congestion Zones
6 in the forward markets does not depend on the particular locations of the
7 Schedule sources or sinks within the relevant Congestion Zones. Similarly, the
8 ex post Imbalance Energy price is uniform within a given Congestion Zone.

9 **Q WHY DID THE ISO ADOPT THIS METHODOLOGY?**

10 **A** The ISO implemented this methodology as the result of consensus among the
11 many stakeholders in the ISO formation. Operational experience (from the
12 utilities at that time) indicated that Intra-Zonal Congestion was infrequent and
13 inexpensive. Simplicity and transparency thus favored a zonal Congestion
14 Management system.

15 **Q WHY DID THE ISO ADOPT A RADIAL BRANCH GROUP METHODOLOGY**
16 **FOR INTER-ZONAL SCHEDULING AND CONGESTION MANAGEMENT?**

17 **A** Consistent with this goal of simplicity and transparency, the zonal model only
18 considered major Congestion bottlenecks at Path 15 and several inter-ties with
19 external control areas. These constraint paths, the branch groups, separated the
20 system into radially connected Zones. This resulted in transparent Congestion
21 prices that were independent from Schedule source and sink locations within
22 Congestion Zones, and transparent ex post Imbalance Energy prices that were

1 uniform within a given Congestion Zone. Path 26, another constrained path that
2 was later added to the list, maintained the radial zonal configuration and the
3 transparency in Congestion and ex post prices. At the time, these advantages
4 suggested that this would be a reasonable approach to Congestion
5 Management.

6 **Q ARE ALL THE BRANCH GROUPS RADIAL?**

7 **A** Yes. The internal branch groups, Path 15 and Path 26, are radial Inter-Zonal
8 Interface connections between Congestion Zones. The inter-ties with external
9 control areas are also radial to be consistent with WECC scheduling practices
10 where imports to and exports from the ISO are Scheduled individually at each
11 inter-tie, rather than as a net interchange.

12 **Q HAVE THERE TURNED OUT TO BE DRAWBACKS ASSOCIATED WITH THE**
13 **RADIAL BRANCH GROUP MODEL THE ISO HAS USED?**

14 **A** Yes. Of particular concern for this proceeding are Scheduling restrictions that
15 may arise because of Scheduling limitations on one segment of a branch group.
16 The Scheduling restrictions imposed on the NTS and STS are described in
17 Commission Staff testimony. It is my understanding that Scheduling restrictions
18 on the NTS and STS have been a contentious issue in this proceeding.

19 **Q WHAT IS THE REASON FOR THE SCHEDULING RESTRICTIONS ON THE**
20 **NTS AND STS?**

21 **A** These restriction arise because of a number of factors. All the Energy from NTS
22 and STS must flow on STS; therefore its Operating Transmission Capacity

CERTIFICATE OF SERVICE

I hereby certify I have this day served the foregoing document on each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Folsom, CA, on this 9th day of August, 2004.

Geeta Tholan | JMM
Geeta Tholan