

July 8, 1999

The Honorable David P. Boergers  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: California Independent System Operator Corporation,  
Docket Nos. EC96-19-047 and ER96-1663-049**

Dear Secretary Boergers:

Enclosed for filing please find an original and fourteen copies of a resolution amending the Bylaws ("Amendment") of the California Independent System Operator Corporation ("ISO"). The Amendment supplements the amendments filed with the Commission on January 8, 1999, in compliance with the Commission's November 24, 1998, order in the above-cited dockets. The sole purpose of the Amendment is to extend the initial term of the Board of Governors ("Board") until March 31, 2000, to facilitate compliance with the resolution of the petitions for review of certain Commission orders in these dockets that are currently pending before the United States Court of Appeals for the District of Columbia Circuit.

## I. BACKGROUND

Pacific Gas & Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company first filed proposed Bylaws for the ISO with the Commission on April 29, 1996. The Commission conditionally approved the Bylaws, subject to modifications, on November 26, 1996, Pacific Gas & Electric Co., et al. 77 FERC ¶ 61,204 (1996). See also Pacific Gas and Electric Co., et al. 81 FERC ¶ 61,122 (October 30, 1997); and Pacific Gas and Electric Co., et al. 82 FERC ¶ 61,223 (March 4, 1998).

On August 31, 1998, the ISO requested that FERC delay enforcement of its prior orders requiring changes to the Bylaws (*i.e.*, the November 26, 1996, and October 30, 1997, orders), which are now the subject of petitions for review pending before the U.S. Court of Appeals for the D.C. Circuit.<sup>1</sup> On November 24,

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<sup>1</sup>The November 26, 1996, October 30, 1997 and March 4, 1998 orders are pending review in the U.S. Court of Appeals for the District of Columbia Circuit, Docket Nos. 98-

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1998, the Commission refused the ISO's request. California Power Exchange Corp., et al., 85 FERC ¶ 61,263 (1998). The Commission directed the ISO to file Amended and Restated Bylaws changing certain ISO governance provisions within 45 days of the date of the order. Specifically, the Commission ordered that the ISO remove the following provisions from the Bylaws: 1) the California residency requirement; 2) references to the California Electricity Oversight Board (California Oversight Board) in the process of appointing Governing Board members; 3) the requirement that the California Oversight Board approve certain changes to the ISO Bylaws; and 4) the authority of the California Oversight Board in hearing appeals of ISO Governing Board decisions, except with respect to state-jurisdictional matters or to mediate disputes between or among ISO Board members on a voluntary basis. 85 FERC ¶ 61,623 (1998).

On January 5, 1999, in open session following public and stakeholder comment, the Governing Board adopted Amended and Restated Bylaws to comply with the Commission's orders. The ISO filed the Amended and Restated Bylaws with the Commission on January 8, 1999. Only one party, Enron Power Marketing, Inc., protested the filing; the protest has subsequently been withdrawn. The Commission, however, has not as yet approved the amendments.

At this time, legislation (S.B. 96) is moving forward in the California legislature that is intended to resolve the issues that are currently pending judicial review. After such legislation is enacted, the Board of Governors will be able to entertain amendments to the Bylaws in order to comply with the legislation.

## **I. THE BYLAWS AMENDMENT**

Under the Bylaws prior to the Amendment, the terms of the current Board members would expire on the earlier of November 30, 1999, or 120 days after resolution of the petition for review. The ISO anticipates enactment of S.B. 96 prior to that expiration date. That expiration date, however, would leave insufficient time to elect a new Board in compliance with the procedures included in S.B. 96. Before the ISO can conduct new Board elections under the S.B. 96 procedures, a number of steps will be required:

(1) the Commission, which will soon recess for the summer, will need to accept the amendments implementing S.B. 96;

(2) the Oversight Board need to approve the amendments;

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(3) seller classes will have to approve the changes (which requires at least 30 days prior notice);

(4) the Board will need to set a record date for elections; and

(5) notices of stakeholder election meetings or processes will need to be delivered 60 days before new terms were to commence.

The alternatives to conducting elections under the procedures contained in S.B. 96 – i.e., electing a new Board under existing or pending amendments, only to conduct new elections shortly thereafter under the new procedures – would be inefficient and counterproductive. The Board, therefore, on June 24, 1999, adopted a resolution amending the Bylaws to extend the initial term to March 31, 2000. This will permit adequate time to implement the procedures included in S.B. 96 and conduct new elections in compliance with those procedures.

#### I. **SUPPORTING DOCUMENTS**

The following documents are attached in support of this filing:

- (1) June 29, 1999, Certification by Richard Jacobs, Assistant Secretary to the California Independent System Operator Corporation, attesting to the amendment of the Bylaws to extend until March 31, 2000, the term of current Members of the Board of Governors.
- (2) Form of Notice suitable for publication in the Federal Register.

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Also enclosed is a 3½ inch diskette containing the notice of filing in WordPerfect format. In addition, an extra copy of the filing is enclosed. We would appreciate your having the extra copy stamped with the time and date and returned to the messenger.

Respectfully submitted,

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