

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

California Independent System Operator Corporation)	Docket Nos.	ER02-250-000
)		ER02-527-000
)		
Pacific Gas and Electric Company)	Docket Nos.	ER02-479-000

**ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TO PACIFIC GAS AND ELECTRIC COMPANY'S MOTION REQUESTING AN ORDER
REQUIRING ADDITIONAL SUPPLEMENTAL TESTIMONY**

I. Introduction

Pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2001) and the time guidelines set out in the Presiding Judge's January 16, 2001 Order Establishing Procedural Schedule, the California Independent System Operator Corporation ("ISO") hereby submits its Answer to Pacific Gas and Electric Company's ("PG&E") motion requesting an order requiring additional testimony, filed on April 16, 2002, in the above captioned docket.

II. Background

On March 26, 2002 the Presiding Judge directed that the ISO file supplemental testimony concerning its methodology for the new 50 percent ASREO charge assessed on Load that self-provides Ancillary Services. This order was in response to a discussion between the parties in which it became apparent that, because of the new 50 percent ASREO charge on self-provided Ancillary Services, PG&E did not "have all the information that they need to communicate to the parties their position with respect to

disaggregation and assignment of these GMC charges... ." Tr. at 96. On April 10, 2002, the ISO filed the Supplemental Testimony of Michael K. Epstein (Exh. ISO-12) in compliance with the Presiding Judge's order. Mr. Epstein's testimony explained the ISO's methodology in assessing the 50 percent of the ASREO component of the GMC on the self-provision of Ancillary Services for the "behind-the-meter" load of Government Entities that have Interconnection Agreements with Scheduling Coordinators ("SCs"). Along with the testimony, the ISO appended a recent bill to help illustrate how the methodology described in the testimony applies in practice.

On April 16, PG&E filed their Motion Requesting an Order Requiring the California Independent System Operator Corporation to File Additional Supplemental Testimony. In that motion, PG&E's complaint is that while the ISO did file testimony regarding the assessment of 50 percent of the ASREO charge on self-providers of Ancillary Services, the ISO did not file testimony that

address[es] the Control Area Services (CAS) component, the Congestion Management (CM) component, and the ASREO component with respect to the billable quantities of transactions scheduled by [SCs] on the ISO Controlled Grid.

PG&E Motion at 2-3.

As is discussed below, 1) none of the three service categories have changed in 2002 from 2001 for the purposes of passing through charges from the service categories, with the exception of the 50 percent ASREO charge on which the ISO has filed supplemental testimony; 2) PG&E never raised any concerns about the lack of adequate information to pass through these charges during the 2001 case; and 3) PG&E has already billed 2001 costs to its customers for several months of 2001, demonstrating that the available information is in fact adequate. With the supplemental testimony regarding

the 50 percent ASREO charge now in hand, PG&E should therefore have all the information necessary to pass through its GMC charges for 2002.

III. Discussion

In its April 16, 2002 motion, PG&E requested that, in addition to the supplemental testimony regarding the assessment 50 percent of the ASREO charge on self-provided Ancillary Services, that the ISO provide additional testimony regarding the CAS, CM, and non-self provided ASREO billable quantities. PG&E Motion at 3. Quoting the language of the Judge's bench order, PG&E contends that:

Without this additional information...PG&E does not "have the advantage of the ISO's filing of supplemental testimony on the 2002 billing" to "communicate to the parties their position with respect to the disaggregation and assignment of these GMC charges."

PG&E Motion at 3.

PG&E's contention that it needs additional information is unsupported, however. As explained in the testimony of Philip R. Leiber (Exh. ISO-1) filed on November 2, 2001, aside from the 50 percent ASREO charge on self-provision, the ISO's billing determinants – that is: CAS, CM (known as Inter-zonal Scheduling in 2001, a change in name only), and ASREO (aside from the change in name and 50 percent charge) have remained unchanged from 2001. Exh. ISO-1 at 47-52. The only exception to this is with respect to ending of the CAS exemption regarding SWPL volumes that was also noted in testimony, *Id.* at 46, which does not impact PG&E.

Although PG&E now argues that it is in need of additional information on the three service categories, it failed to mention this at any time during the 2001 GMC proceeding – even though the proceeding concerned its methodology for passing those charges

through to its customers. Neither did PG&E submit any timely intervenor testimony in the current proceeding alleging that it was unable to ascertain how to effect a pass through of the 2002 GMC charges. Indeed, as the attached affidavit of the ISO's Mr. Christopher Sibley demonstrates, PG&E appears to be proficient with how these categories are to be billed to their customers, having passed through the ISO's costs in bills to customers for January – April of 2001.

Because PG&E did not assert during the 2001 proceeding that it lacked information needed to pass through the service categories and has, in fact, billed its customers for the GMC for 2001, and because the ISO's methodology for the only change to these Service Categories (aside from names) has been explained in supplemental testimony, it appears that PG&E is now in possession of all the information necessary for it to pass through the 2002 GMC. Additional testimony is therefore unnecessary and would only needlessly further delay PG&E's filing.

IV. Conclusion

WHEREFORE, the ISO respectfully requests that PG&E's motion be denied for the reasons stated herein.

Respectfully submitted,

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