

complies with the July 12 Order and the Cal ISO's tariff."³ The ISO answered the Complaint on December 3, 2001, explaining that the Complaint was mooted by the ISO's compliance with Commission's order on November 7, 2001,⁴ directing the ISO to invoice the California Department of Water Resources ("DWR") as a Scheduling Coordinator for outstanding payments due to Market Participants, including NEO California.

In the March 1 Order, the Commission directs the ISO to file a report demonstrating that the overdue payments have been remitted by DWR and other Scheduling Coordinators, and that the ISO has made the payments to NEO California.

As detailed below and as substantiated by the attached documents, the ISO has complied with the November 7 Order and specifically: (1) the ISO has submitted invoices to DWR for all overdue amounts, (2) DWR has remitted to the ISO payment in full for all such overdue amounts, and (3) the ISO has paid, in full, all overdue amounts to NEO California. The ISO also provides a listing of all other Scheduling Coordinators who are in arrears in payments to the ISO or other Scheduling Coordinators for transactions in ISO markets for the period of November 2000 through November 2001.

Having thus complied with the Order, the Commission should dismiss NEO California's Complaint as being moot.

³ Complaint at 32.

⁴ 97 FERC ¶ 61,151 (2001) ("November 7 Order").

II. REPORT

A. In Compliance with the November 7 Order, the ISO Invoiced DWR For Overdue Payment Obligations of PG&E and SCE

The ISO has complied with the requirement in the November 7 Order that the ISO invoice DWR for amounts due, including transactions where DWR is the creditworthy counter-party for the applicable portion of Pacific Gas and Electric Company's ("PG&E") and Southern California Edison Company's ("SCE") Load.⁵ Copies of the invoices provided to DWR on November 20, 2001, set forth in Attachment D hereto, and copies of the final re-stated invoices that subsequently were provided to DWR, set forth in Attachment E hereto, are privileged and have been provided to the Commission under protection from disclosure as is set forth at 8 C.F.R. § 388.112 (2000). A declaration by Mr. Spence E. Gerber, ISO Director of Settlements, affirming the timely provision of invoices to DWR on November 20, 2001, and the subsequent provision of final re-stated invoices, is set forth in Attachment A hereto.

B. In Compliance with the November 7 Order, DWR Has Remitted All Overdue Payments

DWR has paid the appropriate invoices in full, as is detailed in a financial summary table, set forth in Attachment F hereto, which contains privileged information and thus has been provided to the Commission under protection from disclosure as is set forth at 18 C.F.R. § 388.112 (2000). The declaration of Mr.

⁵ See ISO Compliance Filing, Docket Nos. ER01-3013-000 and ER01-889-008 (Nov. 21, 2001).

Michael Epstein, ISO Controller, provided herein at Attachment B, affirms that DWR has paid in full all overdue amounts for the period of January 17 forward. Moreover, that DWR paid all overdue amounts is further publicly affirmed in the ISO posting on the ISO Home Page of Market Certifications for each Settlement Period in which the ISO lists all Scheduling Coordinators who have not paid amounts due for the relevant period. DWR is not listed because it has paid all amounts due in full.

C. The ISO Has Made All Overdue Payments to NEO California

The ISO had paid all overdue amounts as set forth on invoices received from NEO California, as is detailed in a financial summary table, set forth in Attachment G hereto, which contains privileged information and thus has been provided to the Commission under protection from disclosure as is set forth at 8 C.F.R. § 388.112 (2000). The declaration of Mr. Michael Epstein, ISO Controller, provided herein at Attachment B, affirms that NEO California has been paid in full for all overdue amounts owed by the ISO.⁶

D. Scheduling Coordinators In Arrears Of Payments

In the March 1 Order, the Commission also directed the ISO to report on the status of overdue payments from Scheduling Coordinators other than DWR. As set forth in the Market Notice on Certification of Market Settlement, dated March 13, 2002, provided in Attachment C hereto, several Scheduling Coordinators continue to owe the ISO and thereby other Scheduling Coordinators for transactions conducted in the period of November 2000 through

⁶ NEO California has submitted its Final Summer Period Invoice and will be paid, in accordance with the SRA payment calendar, on April 4, 2002.

November 2001. NEO California has been paid in full for all overdue amounts despite the failure of certain Scheduling Coordinators to pay their respective charges because, as provided for in the ISO Tariff, the ISO settlement system permits the ISO to net and offset credits and debits. Thus, while the market for a current Settlement Period may not be fully cleared, funds become available for the payments of older debts in the order in which such debts were incurred.

III. CONCLUSION

As set forth above, the ISO has complied in full with the Order and thus the Commission should dismiss the Complaint as moot.

Respectfully submitted,

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Dated: March 18, 2002

Attachments

ATTACHMENT A

Declaration of Mr. Spence E. Gerber
ISO Director Of Settlements

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

NEO California Power LLC

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Docket No. EL02-18-000

DECLARATION OF SPENCE E. GERBER

1. My name is Spence E. Gerber, and I am currently employed by the California Independent System Operator (“ISO”) as the Director of Settlements. I have held this position since the beginning of these proceedings and as such am familiar with the ISO settlement process.
2. I personally supervised the preparation of ISO invoices for the California Department of Water Resources/California Energy Resources Scheduling (“CDWR/CERS”) for overdue amounts relating to transactions in ISO markets on behalf of Pacific Gas and Electric Company (“PG&E”) and Southern California Edison Company (“SCE”) for the period of January 17 through July 31, 2001, the period in which there were overdue payments from PG&E and SCE, and for which CDWR/CERS is financially responsible.
3. On November 20, 2001, under cover of my signature, the ISO provided to CDWR/CERS invoices for past due amounts which were owed to the ISO and ISO Scheduling Coordinators for the period of January 17 through July 31, 2001 for transactions on behalf of PG&E and SCE.
4. True copies of the invoices as were provided on November 20, 2001, to CDWR/CERS by the ISO, set forth in Attachment D to this Compliance Report, have been provided to the Commission under protection from

disclosure as provided for under the Commission's Rules of Practice and Procedure.

5. Subsequent to the November 20, 2001 invoices, provided to CDWR/CERS, the ISO, on several occasions, provided to CDWR/CERS re-stated invoices to reflect (a) deletion of transactions that occurred prior to CDWR/CERS assumption of responsibility for such transactions, including deletion of transactions occurring on dates prior to January 17, 2001, and transactions conducted in the hours ending 1:00 a.m. through 9:00 p.m. on January 17, 2001; (b) offsets as performed by the ISO; and (c) a change in the interest rate. The final of the restated invoices is the final amount determined by the ISO to be owed by CDWR/CERS to the ISO and ISO Scheduling Coordinators.
6. True copies of the final restated invoices as were provided to CDWR/CERS by the ISO on dates subsequent to November 20, 2001, set forth in Attachment E to this Compliance Report have been provided to the Commission under protection from disclosure as provided for under the Commission's Rules of Practice and Procedure.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 15, 2002.

Spence E. Gerber

ATTACHMENT B

Declaration of Mr. Michael Epstein
ISO Controller

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

NEO California Power LLC

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Docket No. EL02-18-000

DECLARATION OF MICHAEL EPSTEIN

1. My name is Michael Epstein, and I am currently employed by the California Independent System Operator (“ISO”) as Controller. I have held this position since the beginning of these proceedings and as such am familiar with the ISO financial process for the receipt and disbursement of funds associated with ISO financial activities.
2. I personally supervised the accounting of receivables from the California Department of Water Resources/California Energy Resources Scheduling (“CDWR/CERS”) for ISO invoices for overdue amounts relating to transactions in ISO markets on behalf of Pacific Gas and Electric Company (“PG&E”) and Southern California Edison Company (“SCE”) for the period of January 17 through July 31, 2001, the period in which there were overdue payments from PG&E and SCE, and for which CDWR/CERS is financially responsible.
3. By February 7, 2002, the CDWR/CERS had paid in full all amounts reflected on ISO books and records for overdue amounts relating to transactions in ISO markets on behalf of PG&E and SCE for the period of January 17, 2001 forward.
4. A financial summary table, set forth in Attachment F of this Compliance Report, detailing the payment in full by CDWR/CERS of the relevant ISO

- invoices, has been provided to the Commission under protection from disclosure as provided for under the Commission's Rules of Practice and Procedure.
5. I also personally supervised the settling of overdue invoices received from NEO California Power LLC.
 6. NEO California Power LLC has been paid in full for all amounts detailed in all overdue invoices as were provided to the ISO by NEO California Power LLC as of the date of this declaration. The Final Summer Period invoice is not due for payment until April 4, 2002, in accordance with the terms and conditions of the Summer Reliability Agreement, and the ISO will pay that invoice on that date.
 7. A financial summary table, set forth in Attachment G to this Compliance Report, detailing the payment in full by ISO on all NEO California Power LLC overdue invoices, has been provided to the Commission under protection from disclosure as provided for under the Commission's Rules of Practice and Procedure.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 15, 2002.

Michael Epstein

ATTACHMENT C

ISO Market Notice on Certification of Market Settlement
March 13, 2002

ATTACHMENTS D,E,F AND G
CONTAIN CONFIDENTIAL MATERIAL
SUBMITTED TO THE COMMISSION UNDER
PROTECTION FROM DISCLOSURE AS PROVIDED FOR IN THE
COMMISSION'S RULES OF PRACTICE AND PROCEDURE