

# Memorandum

**To:** ISO Board of Governors  
**From:** Keith Casey, Vice President, Market and Infrastructure Development  
**Date:** September 7, 2012  
**Re:** **Decision on Participating Transmission Owner Application of the City of Colton**

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***This memorandum requires Board action.***

## EXECUTIVE SUMMARY

In June 2012, the City of Colton submitted an application to the California ISO to become a participating transmission owner. The City of Colton has entitlements to transmission service on facilities in Southern California that extend into Nevada and Arizona.

Management requests that the Board of Governors approve the ISO's acceptance of the City of Colton application and requests that, upon execution of the Transmission Control Agreement, the City of Colton become a participating transmission owner, subject to the Federal Energy Regulatory Commission accepting the City of Colton's transmission owner tariff and transmission revenue requirement.

***Moved, that the ISO Board of Governors approve the ISO's acceptance of the City of Colton's application for participating transmission owner status, conditioned on (1) the City of Colton executing the Transmission Control Agreement and (2) the Federal Energy Regulatory Commission accepting a transmission owner tariff and transmission revenue requirement for the City of Colton, as described in the memorandum dated September 7, 2012.***

## DISCUSSION AND ANALYSIS

In accordance with the procedures established pursuant to section 4.3 of the ISO tariff and section 2 of the Transmission Control Agreement, the City of Colton submitted an application on June 25, 2012 that proposed turning over operational control of the city's contractual rights over the following transmission facilities: the Mead-Adelanto project, Mead-Phoenix project, the Marketplace-McCullough transmission line, Adelanto-Lugo/Victorville, Lugo/Victorville 500 kV to Vista 230 kV, Mead 230 kV to Vista 230 kV and Devers to Vista 230 kV to the ISO. The addition of the City of Colton's rights increases the capacity of transmission rights already under ISO operational control.

In order for an applicant to become a participating transmission owner, sections 2.2.3 and 2.2.5 of the Transmission Control Agreement require that the ISO accept the application and permit a party to become a participating transmission owner if the ISO determines that:

- The transmission lines and associated facilities to be placed under the ISO's operational control can be incorporated into the ISO controlled grid without any material adverse impact on its reliability;
- Incorporating such transmission rights will not put the ISO in breach of applicable reliability criteria and its obligations as a member of the Western Electricity Coordinating Council;
- The ISO has no outstanding objections regarding any of the applicant's transmission facilities or entitlements;
- The applicant is capable of performing its obligations under the Transmission Control Agreement; and
- All applicable regulatory approvals of the applicant's transmission owner tariff have been obtained.

The City of Colton satisfies the first and second elements because the city is turning over its transmission rights that are the same as the Southern Cities participating transmission owners' rights.<sup>1</sup> The ISO has exercised operational control of the Southern Cities transmission rights since 2003. The City of Colton satisfies the third element, as the ISO has no objection to the form of the city's transmission rights because the facilities proposed to be transferred to ISO operational control meet the applicable reliability criteria, the facilities are not subject to any encumbrances, and technically the facilities can be integrated into the ISO controlled grid. The City of Colton also satisfies the fourth element because the operational obligations under the Transmission Control Agreement will be performed for the City of Colton in an identical fashion as the Southern Cities operational obligations are being performed today. Since all of the transmission rights that the City of Colton is turning over to the ISO are entitlements, the majority of the operational obligations are already being performed by other experienced transmission owners or operating procedures have been developed with the neighboring balancing authority areas. The City of Colton has been very responsive to the ISO during the participating transmission owner application process and has demonstrated its willingness to perform obligations associated with the Transmission Control Agreement.

The fifth element is addressed through the conditional nature of the Board's approval. The City of Colton has advised that it intends to file its transmission owner tariff and associated transmission revenue requirement with FERC once the Board approves its application. The proposed motion states that FERC acceptance of these filings is an express condition of accepting the City of Colton as a participating transmission owner. If the City of Colton does not complete all of these requirements, including FERC approval, then the ISO would not agree to accept the City of Colton as a participating transmission owner.

## **POSITIONS OF THE PARTIES**

As required by section 2.2.2 of the Transmission Control Agreement, the ISO posted the City of Colton's application for participating transmission owner status on the ISO website on June 27, 2012 for a 60 day comment period ending August 27, 2012 to give interested parties an opportunity to review the application and submit comments to the ISO. The ISO did not receive any comments.

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<sup>1</sup> The Southern Cities are the Cities of Anaheim, Riverside, Azusa, Banning and Pasadena.

## **CONCLUSION**

Management recommends that the Board approve the ISO's acceptance of the City of Colton's application for participating transmission owner status conditioned on (i) the City of Colton's execution of the Transmission Control Agreement and (ii) acceptance of the City of Colton's transmission owner tariff and transmission revenue requirement by FERC.

Based on the criteria set forth in the Transmission Control Agreement, Management has concluded that the application submitted by the City of Colton satisfies all of the requirements for acceptance and the City of Colton should be added to the Central Transmission Access Charge Area.