

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

101 FERC ¶ 62,191

California Independent System Operator
Corporation

Docket No. EC03-27-000

ORDER AUTHORIZING DISPOSITION
OF JURISDICTIONAL FACILITIES

(Issued December 23, 2002)

On December 2, 2002, the California Independent System Operator Corporation (ISO or Applicant) filed an application pursuant to section 203 of the Federal Power Act (FPA)¹ requesting Commission authorization for the transfer of scheduling rights on certain transmission assets from the Cities of Anaheim, California; Azusa, California; Banning, California; and Riverside, California (collectively, Southern Cities) to the ISO.

The ISO, a public utility within the meaning of the FPA, is a state chartered, nonprofit corporation established by California electricity restructuring legislation in 1996. The ISO is responsible for assuming Operational Control² over the transmission facilities of California electric utilities, including investor-owned and government-owned utilities.

The Southern Cities are municipally-owned electric and water utilities located near Los Angeles. Each municipality has separately filed an application with the ISO to become Participating TOs as of January 1, 2003, and has submitted to the Commission their Transmission Revenue Requirement petition, their proposed balance in the Transmission Revenue Balancing Account, and their proposed Transmission Owner Tariff language for approval.³

¹16 U.S.C. § 824b (2000).

²Applicant defines the term Operational Control as the rights of the ISO to direct Participating Transmission Owners (Participating TOs) to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities. See, ISO Tariff Appendix A, Masters Definitions Supplement.

³Anaheim, Azusa, Banning, and Riverside filed their requests in Docket Nos. EL03-14-000, EL03-15-000, EL03-21-000, and EL03-20-000, respectively. The Commission will address these requests in a separate order.

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The Southern Cities propose to transfer to the ISO their scheduling rights to use their shares of the transfer capabilities of certain transmission facilities. Once the transfer has been completed, the ISO will be able to provide transmission service using the transfer capability represented by the Southern Cities' interests in the jointly owned transmission projects.

Applicant states that the proposed transaction is consistent with the public interest and will not adversely affect competition, rates or regulation. Applicant states that the Southern Cities' are not transferring any generation assets to the ISO. Thus, the proposed transaction raises no issues related to generation market power. Applicant notes that the proposed transaction is pro-competitive as it will expand the scope of the ISO's regional control over transmission facilities. With regard to rates, Applicant states the transmission Access Charge will be affected by the of new Participating TOs, and that such charges have been filed with the Commission for approval in their respective Transmission Revenue Requirement petitions. With regard to regulation, Applicant states that the proposed transaction will not impair either the Commission's authority or any California state agency's authority over the ISO or the Southern Cities.

This filing was noticed on December 4, 2002, with comments, protests or interventions due on or before December 20, 2002. The California Department of Water Resources of the State Water Project filed a timely motion to intervene. Notices of interventions and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

After consideration, it is concluded that the proposed transaction is consistent with the public interest and is hereby authorized, subject to the following conditions:

- (1) The proposed transaction is authorized upon the terms and conditions and for the purposes set forth in the application;
- (2) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of cost or any other matter whatsoever now pending or which may come before the Commission;
- (3) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted;

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- (4) The Commission retains authority under sections 203(b) and 309 of the FPA, to issue supplemental orders as appropriate; and
- (5) Applicant shall notify the Commission within 10 days of the date that the disposition of the jurisdictional facilities has been consummated.

This action is taken pursuant to the authority delegated to the Director, Tariffs and Market Development - West, under 18 C.F.R. § 375.307. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Michael A. Coleman
Director
Division of Tariffs and Market Development - West