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January 3, 2006

VIA ELECTRONIC FILING

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Docket No. ER06-54-001**

Dear Secretary Salas:

Attached please find the Answer of the California Independent System Operator Corporation to the Motion to Intervene and Comments of Pacific Gas and Electric Company, submitted in the above-captioned docket.

Thank you for your assistance in this matter.

Respectfully submitted,

/s/ Bradley R. Miliauskas

Bradley R. Miliauskas

Counsel for the California Independent
System Operator Corporation

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

California Independent System)
Operator Corporation) Docket No. ER06-54-001

**ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION TO
MOTION TO INTERVENE AND COMMENTS OF PACIFIC GAS AND
ELECTRIC COMPANY**

Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2005), the California Independent System Operator Corporation (“ISO”)¹ submits its answer to the motion to intervene and comments submitted by Pacific Gas and Electric Company (“PG&E”) in the captioned proceeding on December 19, 2005.

I. BACKGROUND

On October 19, 2005, the ISO unilaterally submitted in Docket No. ER06-54-000 an Interconnected Control Area Operating Agreement (“ICAOA”) between the ISO and the Turlock Irrigation District (“Turlock”). In response to the Commission’s October 26, 2005, notice of filing in Docket No. ER06-54-000, several parties – but not PG&E – submitted motions to intervene and other pleadings in response to the ISO’s October 19, 2005, filing. On November 29, 2005, the ISO submitted the signature page for the ICAOA, signed by the ISO and Turlock. On December 9, 2005, the Commission issued a notice of filing

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

concerning the submission of the signature page, in Docket No. ER06-54-001, in which it stated that the due-date for comments on the November 29, 2005, filing was December 19, 2005. On December 19, PG&E submitted its motion to intervene and comments in Docket No. ER06-54-001.

II. STATEMENT OF ISSUES

In accordance with Rule 203(a)(7), 18 C.F.R. § 385.203(a)(7), the ISO provides this Statement of Issues.

1. Whether PG&E's comments are untimely and beyond the scope of this proceeding because they concern an issue regarding the looping of a transmission line that PG&E should have raised previously and that should not be addressed in the ICAOA.
2. Whether PG&E's comments, even if deemed timely, are without merit either because they either have been addressed by filings submitted by the ISO or are more appropriately addressed through a coordinated operating procedure developed by all affected parties.

III. ANSWER

PG&E's comments concern issues relating to the ICAOA (as opposed to the ISO's filing of the signature page for the ICAOA). PG&E declined, however, to submit any comments concerning the ICAOA pursuant to the Commission's October 26, 2005, notice of filing. Instead, PG&E submitted its comments in the

subsequent portion of the proceeding concerning the filing of the signature page for the ICAOA, which filing raised no new substantive issues. Therefore, PG&E's comments are untimely and beyond the scope of the signature page filing that was the subject of the Commission's November 29, 2005, notice of filing.

Ordinarily, the ISO would not raise such a procedural objection to the consideration of PG&E's comments. However, the issues raised by PG&E are beyond the scope of this proceeding and relate in equal part to an agreement already approved by the Commission. PG&E contends that the Tesla-Westley-Los Banos line should continue to be treated as looped for purposes of determining line capacity. PG&E at 2-4. However, the filing of the ISO-Turlock ICAOA is not the first filing in which this issue has been presented to the Commission. PG&E should have first raised any objection concerning the looping of the Tesla-Westley-Los Banos line when that issue first became relevant, in the context of the ISO's filing of Amendment No. 4 to the ICAOA between the ISO and the Sacramento Municipal Utility District ("SMUD") in Docket No. ER05-1533-000, which included provisions for the Modesto Irrigation District ("Modesto") to join the SMUD Control Area and the establishment of the first new Control Area interconnection point between the ISO Control Area and another Control Area at the Westley Substation.² PG&E raised no issue regarding this matter in response to the ISO's filing of Amendment No. 4 to the ISO-SMUD ICAOA, or in response to the filing of the ISO-Turlock ICAOA in the

² See *California Independent System Operator Corporation*, 113 FERC ¶ 61,217 (2005) (order accepting Amendment No. 4 to the ICAOA between the ISO and SMUD to reflect the transfer of Modesto's electric system from the ISO Control Area to the SMUD Control Area).

instant proceeding. It is improper for PG&E to raise the issue for the first time in response to the filing of the signature page for the ISO-Turlock ICAOA.

More substantively, the looping issue is largely a “seams” issue resulting from the creation of the new ISO Control Area boundaries at the Westley Substation not anticipated in the provisions of PG&E’s existing contracts with Turlock and Modesto. This “seams” issue needs to be addressed by all of the relevant parties (*i.e.*, PG&E, the ISO, Modesto, Turlock, and SMUD) through a vehicle other than the bilateral ICAOAs between the ISO and SMUD and between the ISO and Turlock, to which PG&E is not even a party. In the ISO’s view, this is an issue that can best be addressed through coordinated operating procedures, rather than in the bilateral ICAOAs. The Commission can be assured of the ISO’s commitment to work with the parties to develop operating procedures to address this issue.

With regard to PG&E’s second issue that it should not be held responsible for any costs associated with implementation of the Turlock or SMUD Control Area changes (*see* PG&E at 4-5), (i) PG&E’s request is untimely with regard to the ISO’s filing of both the ISO-Turlock ICAOA and Amendment No. 4 to the ISO-SMUD ICAOA; (ii) there is nothing in either ICAOA that would suggest that either agreement would operate to impose costs on PG&E; and (iii) the ISO has already submitted filings with the Commission indicating its agreement with PG&E’s fundamental point that Turlock should be responsible for ensuring the scheduling of transactions between the ISO and Turlock Control Areas through the use of a Scheduling Coordinator.

IV. CONCLUSION

Wherefore, the ISO respectfully requests that the Commission accept the ICAOA between the ISO and Turlock subject to the discussion above.

Respectfully submitted,

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Dated: January 3, 2006

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties on the official service list compiled by the Secretary in the above-captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 3rd day of January, 2006.

/s/ John Anders
John Anders