

144 FERC ¶ 62,083
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

In Reply Refer To:
EM-5.5
Docket No. ES13-29-000

July 31, 2013

California Independent System Operator Corporation
Attention: Mr. Ryan Seghesio
Chief Financial Officer and Treasurer
250 Outcropping Way
Folsom, California 95630

Dear Mr. Seghesio:

On June 13, 2013, as supplemented on July 12, 2013, you filed an application pursuant to section 204 of the Federal Power Act, 16 U.S.C. § 824c (2006) requesting that the Commission authorize California Independent System Operator Corporation (California ISO) to issue long-term debt consisting of bonds in an amount not to exceed \$210 million. The interest rate on the bonds will not exceed 4.752 percent. Your request is granted as detailed in the authorization section of this letter.

California ISO also requests a waiver from the Commission's competitive bidding and negotiated placement requirements at 18 C.F.R. § 34.2 (a).

On February 21, 2003, the Commission issued an order announcing four restrictions on all future public utility issuances of secured and unsecured debt.¹ First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt issuances are divested or "spun off," the debt must follow the asset and also be divested or "spun off." Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested or "spun-off," then a proportionate share of the debt must follow the divested or "spun-off" non-utility asset. Finally, if utility assets financed by unsecured debt are

¹ *Westar Energy, Inc.*, 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003) (*Westar*).

divested or "spun-off" to another entity, then a proportionate share of the debt must also be divested or "spun off."

Notice of the filing was published in the *Federal Register*, with protests or interventions due on or before July 5, 2013 and July 22, 2013. Motions to intervene were filed by Modesto Irrigation District, the City of Santa Clara, California, and Trans Bay Cable LLC. We received no petitions, protests, or requests opposing the granting of the authorization.

Authorization:

California ISO is authorized to issue long-term debt consisting of bonds in an amount not to exceed \$210 million. The interest rate on the bonds will not exceed 4.752 percent. The authorization is based upon the terms and conditions and for the purposes specified in the application subject to the following conditions:

This authorization is effective as of August 2, 2013 and terminates on August 2, 2015.

The securities are subject to the Commission's restrictions on secured and unsecured debt as outlined above and in *Westar*.

The bonds are exempt from compliance with the Commission's competitive bidding and negotiated placement requirements pursuant to 18 C.F.R. § 34.2 (b)(4) (2012).

This authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission.

Nothing in this letter order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this letter order relates.

Authority to act on this matter is delegated to the Director, Division of Electric Power Regulation – West, under 18 C.F.R. § 375.307 (2012). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within thirty (30) days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2012).

If you have any questions concerning this letter order, please contact Yolanda C. Hart-Harris at (202) 502-8424 or Andrew P. Mosier, Jr. at (202) 502-6274.

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation - West