

124 FERC ¶ 61,004  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

California Independent System  
Operator Corporation

Docket No. EL08-52-000

ORDER GRANTING IN PART AND DISMISSING IN PART COMPLAINT AND  
ACCEPTING REVISIONS TO TRANSMISSION CONTROL AGREEMENT

(Issued July 2, 2008)

1. This order addresses a complaint in which the California Independent System Operator Corporation (CAISO) seeks to revise its Transmission Control Agreement (TCA)<sup>1</sup> to add Startrans IO, LLC (Startrans) as a PTO who is a party to the TCA. The Commission grants in part and dismisses in part the CAISO's complaint and accepts the proposed revisions to the TCA in order to allow Startrans to become a party to the TCA for transmission rights Startrans has acquired from the City of Vernon, California (Vernon), which are currently under the CAISO's operational control. In addition, we grant the waiver and proposed tariff change requested by the CAISO to permit the proposed amendments to become effective on April 23, 2008.

**I. Background**

**A. Startrans Acquisition of Vernon Transmission Rights**

2. On January 4, 2008, Startrans, a transmission-only company, filed in Docket No. EC08-33-000 an application pursuant to section 203 of the Federal Power Act (FPA)<sup>2</sup> for approvals necessary for Startrans to purchase, manage and own Vernon's transmission interests in the Mead-Adelanto Project and the Mead-Phoenix Project (collectively, the Mead Transmission Interests). On January 4, 2008, Startrans also separately filed with the Commission in Docket No. ER08-413-000 an application pursuant to FPA section

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<sup>1</sup> The TCA is an agreement between the CAISO and Participating Transmission Owners (PTOs) that establishes the terms and conditions under which transmission owners place certain transmission facilities and entitlements under the CAISOs' operational control and thereby become PTOs.

<sup>2</sup> 16 U.S.C. § 824b (2006).

205<sup>3</sup> to establish a Transmission Revenue Requirement (TRR) for the Mead Transmission Interests and for approval of certain rate incentives and a related Transmission Owner Tariff (TO Tariff).

3. On March 31, 2008, the Commission conditionally granted the authorizations requested by Startrans in its FPA section 203 filing, stating that the transaction was in the public interest and offered significant benefits, including increased transmission and investment and the participation of a new transmission company in the CAISO.<sup>4</sup> The Commission also conditionally accepted the TRR and certain rate incentives in Startrans' FPA section 205 filing and accepted the TO Tariff, to become effective March 31, 2008, subject to refund, hearing and settlement judge procedures.<sup>5</sup>

### **B. Startrans PTO Application**

4. On January 10, 2008, Startrans submitted an application with the CAISO to become a PTO upon Startrans' acquisition of the Mead Transmission Interests. In its application, Startrans proposed maintaining the CAISO's operational control over the Mead Transmission Interests. Startrans' application was subject to the CAISO's 60-day public notice and comment period. On March 26, 2008, the CAISO Governing Board unanimously approved Startrans' application to join the CAISO and authorized the CAISO management to implement the addition of Startrans as a PTO provided that: (1) Startrans execute the TCA; (2) the Commission accept the TRR and TO Tariff for Startrans; and (3) Vernon file a revised TRR with the Commission, removing the Mead Transmission Interests from its TRR.

5. The CAISO has filed this complaint in order to deal with issues relating to Startrans' execution of the TCA.

## **II. CAISO Complaint**

6. On April 1, 2008, the CAISO filed a complaint to modify the TCA, stating that the TCA would be unjust, unreasonable, and unduly discriminatory unless it was modified to include Startrans as a PTO. The CAISO states that the modifications it proposes are largely ministerial and are limited to those necessary to implement Startrans' participation in the CAISO as owner of the Mead Transmission Interests.

7. The CAISO includes revisions to the TCA along with its complaint. Specifically, the CAISO seeks to make the following changes to the TCA: (1) changes to the CAISO's TCA signature page to reflect the CAISO's agreement to the TCA changes;

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<sup>3</sup> 16 U.S.C. § 824d (2006).

<sup>4</sup> *Startrans IO LLC*, 122 FERC ¶ 61,307 (2008).

<sup>5</sup> *Startrans IO LLC*, 122 FERC ¶ 61,306 (2008).

(2) a new TCA signature page executed by Startrans; (3) a new TCA Appendix A (Startrans IO) to reflect Startrans' transmission rights and interests that it is acquiring from Vernon; (4) an amended TCA Appendix A (Vernon) to reflect the deletion of Vernon's transmission rights and interests that will be transferred to Startrans; and (5) a TCA Appendix F page with Startrans' contact information. In addition, the CAISO proposes to add TCA section 4.4.5 to specify limits on Startrans' ability to convert its transmission rights in the Mead Transmission Interests to merchant operation not subject to Commission jurisdiction.

8. In addition to these ministerial modifications, the CAISO complaint includes a number of proposals in response to issues raised by current PTOs in discussions with the CAISO and Startrans regarding the TCA revisions. These issues include: (1) the potential effect of the transaction on the past over-recovery of Vernon's TRR; (2) no rate recovery by Startrans of any liability assumed for Vernon's TRR over-recovery; (3) the reduction in Vernon's TRR following the transfer of the Mead Transmission Interests to Startrans to prevent double recovery of the TRR by both Startrans and Vernon; (4) protection against the potential transfer by Startrans of the Mead Transmission Interests to merchant operations outside the Commission's jurisdiction; (5) the minimum time necessary to process a PTO application; (6) the allocation of Startrans' TRR to the CAISO's Transmission Access Charge (TAC); (7) two incorrect references in the TO Tariff filed by Startrans to sections in the CAISO's Open Access Transmission Tariff (CAISO Tariff); (8) the ability to deliver power over the Mead Transmission Interests to the CAISO control area; and (9) various additional concerns regarding the TRR filed by Startrans in Docket No. ER08-413-000.

9. The CAISO explains that the CAISO, current PTOs and Startrans were unable to reach agreement on these issues in a manner that would allow the CAISO to submit an amended version of the TCA, executed by all parties, in time to accommodate the close of Startrans' acquisition of the Mead Transmission Interests. The CAISO argues that both the FPA and Commission Rules of Practice and Procedure provide that any person may seek redress regarding any contract affecting the rates and charges of a public utility. As such, the CAISO requests that the Commission issue an order permitting the TCA to be modified.

10. Finally, the CAISO requests waiver of the notice requirements of section 35.3 of the Commission's regulations<sup>6</sup> to permit the proposed changes to the TCA to become effective on April 14, 2008 or any earlier date on which the CAISO is able to implement revisions to its Master File<sup>7</sup> and other systems to accommodate the simultaneous closing of Startrans' acquisition of the Mead Transmission Interests. The CAISO states that this

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<sup>6</sup>See 18 C.F.R. § 35.3 (2008).

<sup>7</sup>The CAISO's Master File is a file containing information regarding generator units, loads, and other resources. See MRTU Tariff, Appendix A, Master Definitions Supplement.

effective date is necessary to ensure that the Mead Transmission Interests seamlessly remain under the CAISO's operational control.

### **III. Notice of Filing and Responsive Pleadings**

11. Notice of the CAISO's filing was published in the *Federal Register*, 73 Fed. Reg. 19,496 (2008), with interventions and protests due on or before April 21, 2008. Timely motions to intervene were filed by the Western Area Power Administration, the Sacramento Municipal Utility District, San Diego Gas and Electric Company, Startrans, Southern California Edison Company (SoCal Edison), the M-S-R Public Power Agency, Pacific Gas and Electric Company (PG&E), the Northern California Power Agency, and the Cities of Anaheim, Azusa, Banning, Colton, Pasadena and Riverside, California. Startrans filed comments in support of the CAISO's filing. Comments were also submitted by PG&E and SoCal Edison. On May 7, 2008, the CAISO filed an answer.

12. None of the commenters oppose the proposed revisions to the TCA and inclusion of Startrans as a PTO. Both Startrans and PG&E express support for the CAISO's complaint and TCA revisions as a just and reasonable means of implementing the Commission's orders in Docket Nos. EC08-33-000 and ER08-413-000 and allowing Startrans to become a PTO within the CAISO.

### **IV. Discussion**

#### **A. Procedural Matters**

13. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

14. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits an answer unless otherwise ordered by the decisional authority. We will accept the CAISO's answer because it has provided information that assisted us in our decision-making process.

#### **B. Substantive Matters**

15. The CAISO identifies in its complaint a number of issues raised by current PTOs regarding Startrans becoming a PTO and includes revisions which the CAISO believes resolve these issues. No party to this proceeding has opposed or filed protests in opposition to these proposed revisions. We will grant the CAISO's complaint in part and accept these revisions. We will address the remaining unresolved issues below.

16. We dismiss the CAISO's request that the Commission condition its acceptance of the TCA amendments on Vernon's filing of a revised TRR that accounts for Vernon's sale of the Mead Transmission Interests to Startrans. On April 4, 2008, Vernon filed with

the Commission in Docket No. EL08-54-000 its revised interim and final TRRs, reflecting Vernon's dispossession of the Mead Transmission Interests.<sup>8</sup> In light of Vernon's recent filing, we find that this request is now moot and, therefore, dismiss it.

**1. Ability to Deliver Power Over the Mead Transmission Interests to the CAISO Control Area**

**a. CAISO Proposal**

17. The CAISO's complaint identifies concerns raised by PTOs regarding the ability of power to reach the CAISO control area from the Mead Transmission Interests if the Vernon - Los Angeles Department of Water and Power (LADWP) contract (Vernon-LADWP contract) were terminated. In response, the CAISO states that, once the CAISO has implemented its Market Redesign and Technology Upgrade (MRTU) and the associated full network model, the CAISO's scheduling systems will allow scheduling over the Mead Transmission Interests directly to the CAISO control area even if the Vernon-LADWP contract is terminated. The CAISO explains that the point-to-point capability of the full network model will enable use of the bi-directional nature of the Mead Transmission Interests by making a direct interconnection available even in the absence of the Vernon-LADWP contract rights.

**b. Comments**

18. SoCal Edison and PG&E are concerned with the ability of power to reach the CAISO controlled grid using the Mead Transmission Interests if the Vernon-LADWP contract were terminated.<sup>9</sup> PG&E states that Vernon has historically relied upon the Vernon-LADWP contract to import power over the Mead Transmission Interests to serve load. PG&E notes that the Vernon-LADWP contract provides for bi-directional transmission service from the Mead Transmission Interests to the Victorville-Lugo Midpoint (a point at which the SoCal Edison transmission system interconnects with the LADWP transmission system). PG&E contends that any future termination of the Vernon-LADWP contract would sever the connection between the Mead Transmission Interests and the CAISO-controlled grid. PG&E states that the CAISO's proposal does not resolve PG&E's concerns for several reasons. First, PG&E notes that the CAISO acknowledges that it will be able to schedule directly over the Mead Transmission Interests only after MRTU implementation. Therefore, PG&E asserts that, if MRTU

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<sup>8</sup> See City of Vernon, CA April 4, 2008 Petition, Docket No. EL08-54-000.

<sup>9</sup> PG&E and SoCal Edison previously raised this concern in their joint intervention in Docket Nos. EC08-33-000 and ER08-413-000. PG&E states that the Commission's orders in these prior two proceedings did not resolve its concerns regarding the on-going ability of the CAISO to utilize the Mead Transmission Interests. See PG&E April 21, 2008 Comments at 3 n.3 (citing *Startrans IO LLC*, 122 FERC ¶ 61,307, at P 53 (2008); *Startrans IO LLC*, 122 FERC ¶ 61,306, at P 58 (2008)).

implementation does not occur prior to termination of the Vernon-LADWP contract, the Mead Transmission Interests will not be useful to the CAISO or grid users. Second, PG&E questions the usefulness of the Mead Transmission Interests to the CAISO-controlled grid in the absence of the Vernon-LADWP contract, even after MRTU implementation. Specifically, PG&E believes that, while the CAISO may be able to make some use of the Mead Transmission Interests under MRTU, it would not be able to make full use of them without the Vernon-LADWP contract. PG&E does not oppose the proposed TCA modifications and inclusion of Startrans as a PTO, however. Instead, it reserves the right to file a complaint seeking modification of Startrans' TRR or status as a PTO under FPA section 206 if the Vernon-LADWP contract terminates or other operational factors result in the inability of the CAISO to fully utilize the Mead Transmission Interests.

19. Because Startrans is not acquiring the Vernon-LADWP contract rights with the Mead Transmission Interests, SoCal Edison argues that the CAISO must take steps to ensure that any future termination of the Vernon-LADWP contract does not lead to increased congestion on the CAISO grid or otherwise impede upon the CAISO's ability to utilize the capacity acquired by Startrans.

**c. CAISO Answer**

20. The CAISO reiterates that this concern will be resolved with the implementation of MRTU. The CAISO adds that neither SoCal Edison nor PG&E has indicated what actions might be necessary for the CAISO to further address this issue. The CAISO notes that the Vernon-LADWP contract remains in effect and that the transmission rights subject to that contract remain under the CAISO's operation control. Therefore, the CAISO requests that the Commission reserve action on this matter until the concerns expressed by SoCal Edison and PG&E are ripe for review.

**d. Commission Determination**

21. In light of the fact that the Vernon-LADWP contract is presently effective and that all transmission rights subject to the Vernon-LADWP contract remain under the CAISO's operational control, we find that the concerns raised by PG&E and SoCal Edison are speculative or premature and that there is currently no issue with respect to termination of the Vernon-LADWP contract. Accordingly, we need not address this issue because it is not ripe for review. Should the Vernon-LADWP contract terminate, the parties may, in a new proceeding at that time, make any arguments that they believe are appropriate.

## 2. Allocation of Startrans TRR to CAISO TAC

### a. CAISO Proposal

22. The CAISO addresses concerns raised by SoCal Edison that, while the Mead Transmission Interests have been incorporated in Vernon's TRR<sup>10</sup> and have therefore been treated as part of the CAISO's East Central TAC Area for many years,<sup>11</sup> the CAISO Tariff does not specify the TAC Area to which these interests should be assigned upon transfer to Startrans.<sup>12</sup>

23. To address this concern, the CAISO proposes to rely on CAISO Tariff Appendix F, Schedule 3, section 3.7 that provides that, if an entity outside of California should apply to become a PTO, the CAISO Governing Board will review the reasonableness of integrating that entity into one of the existing TAC Areas. According to the CAISO, if that entity cannot be integrated without the potential for significant cost shifts, the CAISO Governing Board may establish a separate TAC Area.<sup>13</sup>

24. The CAISO contends that, because the TRR for the Mead Transmission Interests has historically been allocated to the East Central TAC Area, there will be no significant cost shift associated with continuing to allocate the TRR to the East Central TAC Area after the Mead Transmission Interests are transferred to Startrans. In addition, the

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<sup>10</sup> The CAISO notes that the Mead Transmission Interests have been incorporated in Vernon's TRR since January 2001. *See* CAISO April 1, 2008 Complaint, Transmittal Letter at 15.

<sup>11</sup> The assignment of Vernon's TRR is specified in the CAISO Tariff, which provides that Vernon's PTO service territory is to become part of the East Central TAC Area upon Vernon becoming a PTO. *See* CAISO Tariff, Appendix F, Schedule 3, section 3.4.

<sup>12</sup> The CAISO explains that this issue exists because the TRR tariff for *existing* high voltage facilities (i.e., the Mead Transmission Interests) is subject to transition from the TAC Area-specific High Voltage Access Charge (HVAC) to the CAISO "Grid-wide" HVAC. The CAISO claims that, because this transition has not been completed, it must continue to allocate a portion of the TRR for the Mead Transmission Interests to the TAC Area-specific HVAC. The CAISO notes that, as a non-load serving PTO operating outside the CAISO control area, Startrans has no affiliation with the CAISO's TAC Areas. The CAISO states that this issue would not exist if Startrans were turning over *new* high voltage facilities to the CAISO's operation control because CAISO Tariff Appendix F, Schedule 3, section 1.1(d) provides that new high voltage facility additions will be immediately included in the "Grid-wide" component of the CAISO's HVAC. *See* CAISO April 1, 2008 Complaint at 15; *see also* CAISO May 7, 2008 Answer at 7.

<sup>13</sup> *Id.*

CAISO argues that, given the relatively short period of time remaining for transition to the CAISO “Grid-wide” HVAC and the relatively small TRR for the Mead Transmission Interests in comparison to the aggregate TRR for the East Central TAC Area, the integration of the Mead Transmission Interests into the East Central TAC Area is the most reasonable resolution of this issue.

**b. Comments**

25. SoCal Edison contends that the existing CAISO Tariff does not support integrating the Mead Transmission Interests into the East Central TAC Area and that the CAISO Tariff must be modified in order to utilize such a rate treatment. SoCal Edison proposes modifying CAISO Tariff Appendix F, Schedule 3, section 3.4 to clarify that Startrans has been assigned to the East Central TAC Area for TAC recovery purposes.

26. SoCal Edison also argues that, because Startrans has existing high voltage facilities, its TRR must be reflected in the transition charge component of the TAC formula.<sup>14</sup> SoCal Edison contends that, because the transition charge calculation relies upon the gross load of each PTO<sup>15</sup> and Startrans, as a non-load serving PTO, has no gross load, the transition charge cannot be calculated for Startrans without modifying the CAISO Tariff. Therefore, SoCal Edison requests that CAISO Tariff Appendix F, Schedule 3, section 5.7 be amended to state that Startrans’ TRR will not be included in the calculation of the transition charge component of the TAC formula.

**c. CAISO Answer**

27. The CAISO reiterates that the Mead Transmission Interests are existing high voltage facilities and that the CAISO is currently in the process of transitioning the TRR for such facilities from a TAC Area-specific HVAC to the CAISO “Grid-wide” HVAC. The CAISO adds that, at present, this transition in TRR for existing high voltage facilities is only partially completed. Currently, the allocation of the total TRR for existing high voltage facilities is 80 percent to the “Grid-wide” HVAC and 20 percent to the TAC Area-specific HVAC. The CAISO adds that there are two years remaining before the transition is completed. Therefore, the CAISO claims that, under the current terms of the CAISO Tariff, a portion of the TRR for the Mead Transmission Interests must continue to be allocated to the TAC Area-specific HVAC. The CAISO maintains that the proposed allocation of the Mead Transmission Interests to the East Central TAC Area is the simplest and most reasonable resolution of this issue because there is no cost shifting and the TRR transition will be completed in a relatively short time.

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<sup>14</sup> The CAISO’s TAC formula consists of: (1) a HVAC; (2) a transition charge; and (3) a low voltage access charge. *See* CAISO Tariff, Appendix F, Schedule 3, section 5.1.

<sup>15</sup> *See* CAISO Tariff, Appendix F, Schedule 3, section 5.7.

28. With regard to SoCal Edison's concerns about the effect of the Mead Transmission Interests' TRR categorization on the transition charge component of the TAC formula, the CAISO argues that the current provisions of the CAISO Tariff already address these concerns. Specifically, the CAISO states that CAISO Tariff section 26.5 provides that current PTOs shall pay an amount to eligible new PTOs to allow recovery of the amount, if any, by which the new PTO's cost of existing high voltage facilities associated with gross loads in the PTO service territory of the new PTO is increased by the implementation of the HVAC.<sup>16</sup> The CAISO adds that the amounts paid by current PTOs to eligible new PTOs under CAISO Tariff section 26.5 can be recovered in the transition charge.<sup>17</sup>

29. According to the CAISO, the formula for calculating the transition charge is inapplicable here. The CAISO explains that, because Startrans has no gross load or PTO service territory, there is no increase in costs associated with those loads. The CAISO claims that, as a result, there are no amounts to be recovered by current PTOs through the transition charge. Therefore, the CAISO asserts that it is unnecessary to amend CAISO Tariff Appendix F, Schedule 3, section 5.7 or CAISO Tariff section 26.5 to state that Startrans' TRR will not be included in the calculation of the transition charge component of the TAC formula. However, to ensure transparency in its transition charge calculation, the CAISO proposes to add columns to its "TAC Rate" spreadsheet,<sup>18</sup> which break out by TAC Area the aggregate TRRs for existing high voltage facilities of PTOs associated with load and the resulting rates for these facilities to be used in calculating the net benefits and burdens and the transition charge rates.

#### **d. Commission Determination**

30. As the CAISO and commenters have noted, the acquisition of existing high voltage facilities by a transmission-only, and thus non-load serving, entity raises unique issues. While we recognize the precedential nature of this acquisition, we disagree with SoCal Edison's assessment that the CAISO's proposed allocation of Startrans' TRR to the East Central TAC Area is not supported by existing CAISO Tariff provisions. Rather, we agree with the CAISO that CAISO Tariff Appendix F, Schedule 3, section 3.7 already provides for the proposed allocation.

31. The CAISO acknowledges that, after a two-year transition, Startrans' TRR will be fully allocated to the CAISO "Grid-wide" HVAC and thus not subject to the transition charge. SoCal Edison has not taken issue with this ultimate allocation but rather raises

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<sup>16</sup> See CAISO May 7, 2008 Answer at 8; *see also* CAISO Tariff, section 26.5.

<sup>17</sup> *Id.*

<sup>18</sup> The CAISO notes that its "TAC Rate" spreadsheet is submitted to the Commission as part of each informational filing the CAISO makes detailing revisions to the CAISO's TAC rates. *See* CAISO May 7, 2008 Answer at 9.

concerns with respect to the treatment of Startrans' TRR in the interim. We find that the CAISO's proposal to treat the Mead Transmission Interests like all other existing high voltage facilities is reasonable. The CAISO has explained that, under the current allocation, 80 percent of Startrans' TRR, a significant majority, will be assigned to the "Grid-wide" HVAC. Thus, only the remaining 20 percent of Startrans' TRR, a relatively small amount in relation to the aggregate amount of the TRR for the East Central TAC Area, is at issue here.

32. In addition, the TRR for the Mead Transmission Interests has historically been allocated to the East Central TAC Area. Therefore, allowing the CAISO to continue to allocate the remaining 20 percent of Startrans' TRR to this TAC Area until the CAISO completes the transition of TRRs for existing high voltage facilities from a TAC Area-specific HVAC to the CAISO "Grid-wide" HVAC will not present a significant cost shift.

33. In light of the absence of cost shifting and the relatively small amount of the TRR for the Mead Transmission Interests, we find that the CAISO's assignment of the remaining portion of Startrans' TRR to the East Central TAC Area is just and reasonable.

34. Further, with respect to SoCal Edison's concern that the transition charge cannot be calculated for Startrans without modifying the CAISO Tariff, we believe that the CAISO sufficiently addresses this concern when it explains that Startrans has no gross load or PTO service territory and that, as such, no costs associated with Startrans are recoverable through the transition charge. Because the formula for calculating the transition charge is inapplicable and there are no amounts to be recovered from Startrans by current PTOs through the transition charge, we find that no modification to the CAISO Tariff is necessary.

35. We do believe, however, that, for purposes of transparency in calculating the transition charge, the CAISO should include in its "TAC Rate" spreadsheet a break-down by TAC Area of the aggregate TRRs for existing high voltage facilities of PTOs associated with load, as well as additional information on the resulting rates for these facilities to be used in calculating transition charge rates. Therefore, we will require that the CAISO amend its "TAC Rate" spreadsheet to provide for such additional information, as the CAISO has proposed. We direct the CAISO to make a compliance filing within 30 days of the date of this order, which includes its revised "TAC Rate" spreadsheet including additional columns that break down by TAC Area the aggregate TRRs for existing high voltage facilities of PTOs associated with load and the resulting rates for these facilities to be used in calculating the net benefits and burdens and transition charge rates.

**3. Request For Change in Minimum Time Requirements for Processing Startrans PTO Application**

**a. CAISO Proposal**

36. The CAISO requests a change in the minimum time requirements for processing a PTO application set forth in CAISO Tariff section 4.3.1.1 and Appendix F, Schedule 3, section 8.1, to the extent these provisions limit the ability of Startrans to become a PTO on the effective date requested by the CAISO.

37. The CAISO notes that SoCal Edison pointed out in its comments on Startrans' PTO application that CAISO Tariff section 4.3.1.1 states that, once a PTO agreement is negotiated and filed with the Commission, that agreement will become effective the following July 1 or January 1. The CAISO states that SoCal Edison argued that this provision would preclude Startrans from becoming a PTO prior to January 1, 2009. The CAISO states that such a delay in Startrans becoming a PTO is unreasonable. The CAISO adds that the effective dates noted in CAISO Tariff section 4.3.1.1 are for the CAISO's convenience so that the CAISO may integrate changes to its TAC rates on a limited basis and provide an applicant some certainty as to the outcome of negotiations. The CAISO states that, in this case, it is willing to forego its practice of implementing TAC revisions for new PTOs on June 1 or January 1.

38. The CAISO further notes that SoCal Edison asserted that an earlier effective date would not permit adequate time for review of a PTO application and appropriate regulatory action. The CAISO responds that, in this instance, an earlier effective date should be permitted because of the exigencies of Startrans' purchase of the Mead Transmission Interests and the fact that the Mead Transmission Interests are an existing part of the CAISO-controlled grid.

**b. Comments**

39. SoCal Edison does not oppose the CAISO's proposed change in CAISO Tariff section 4.3.1.1 and Appendix F, Schedule 3, section 8.1. However, SoCal Edison states that there is no basis for the CAISO's assertion that the provisions of the CAISO Tariff setting forth specific dates on which an applicant can become a PTO exist primarily to serve the convenience of the CAISO. SoCal Edison adds that the CAISO tariff timelines for processing a PTO application exist as much to accommodate the needs and rights of existing PTOs as they do to benefit the CAISO. SoCal Edison argues that PTOs are entitled to the reasonable amount of time set forth in the CAISO Tariff to review a PTO application, identify concerns, and work with affected parties to resolve concerns.

**c. CAISO Answer**

40. The CAISO notes that, while SoCal Edison disputes the basis for the CAISO's position, SoCal Edison does not oppose the CAISO's request for change, in this

proceeding, in the minimum time requirements found in CAISO Tariff section 4.3.1.1 and Appendix F, Schedule 3, section 8.1.

**d. Commission Determination**

41. We will accept the CAISO's proposed change in CAISO Tariff section 4.3.1.1 and Appendix F, Schedule 3, section 8.1 to allow Startrans to become a PTO on the effective date requested by the CAISO in its filing. We note that no party has opposed the CAISO's requested change.

**4. Effective Date and Request For Waiver**

**a. CAISO Proposal**

42. The CAISO requests waiver of the notice requirements of section 35.3 of the Commission's regulations<sup>19</sup> to permit the proposed changes to the TCA to become effective on April 14, 2008 or any earlier date on which the CAISO is able to implement revisions to its Master File and other systems to accommodate the simultaneous closing of Startrans' acquisition of the Mead Transmission Interests. According to the CAISO, this effective date will ensure that the Mead Transmission Interests remain under the CAISO's operational control without interruption and will minimize the likelihood that the CAISO will encounter operational issues due to the timing of the implementation of the change in the PTO for the Mead Transmission Interests. The CAISO adds that waiver of the Commission's notice requirements is appropriate because the instant filing does not involve a change in rates.<sup>20</sup>

43. The CAISO states that, while the proposed revised TCA sheets show an effective date of April 1, 2008, the sheets will need to go into effect after April 1, 2008. Therefore, the CAISO states that it will file substituting revised TCA sheets with a later effective date. The CAISO adds that, if the Commission does not order a specific effective date, the CAISO will file substitute TCA sheets when (1) the Commission has issued its order on this filing; and (2) the CAISO has accepted operational control of the Startrans transmission rights shown in the Startrans TCA Appendix A.

**b. Comments**

44. Startrans maintains that, because its acquisition of the Mead Transmission Interests had not occurred as of April 14, 2008, the Commission should allow the changes to the TCA to become effective on the date the transaction closes. Startrans contends that

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<sup>19</sup>See 18 C.F.R. § 35.3 (2008).

<sup>20</sup> See CAISO April 1, 2008 Complaint at 24 (citing *Central Hudson Gas & Electric Corporation*, 60 FERC ¶ 61,106, at 61,338, *reh'g denied*, 61 FERC ¶ 61,089 (1992)).

doing so will ensure that the Mead Transmission Interests remain under the CAISO's operational control without interruption.

**c. CAISO Answer**

45. The CAISO supports Startrans' proposal to change the effective date of the tariff modifications to coincide with the closing of Startrans' acquisition of the Mead Transmission Interests. The CAISO points out that both Startrans and Vernon informed it that the transaction closed on April 23, 2008.<sup>21</sup> Thus, the CAISO proposes that the Commission establish an effective date of April 23, 2008 for the proposed amendments. Furthermore, the CAISO requests that the Commission require it to make a compliance filing with revised TCA sheets that reflect the effective date of April 23, 2008.

46. The CAISO also requests that the Commission confirm that April 23, 2008 will be the effective date for (1) the reduction of Vernon's TRR, as requested by Vernon in Docket No. EL08-54-000; (2) the implementation of Startrans' TRR; and (3) the CAISO's obligation to begin collecting Startrans' TRR through the CAISO's TAC.

**d. Commission Determination**

47. We find that the CAISO has shown good cause for us to grant waivers of the 60-day prior notice requirement. Accordingly, the CAISO's amendments to the TCA are accepted for filing, effective as of April 23, 2008, as requested. We direct the CAISO to make a compliance filing within 30 days of the date of this order, with revised TCA sheets that indicate the April 23, 2008 effective date for the proposed TCA amendments. Consistent with the order that we are issuing today in Docket No. EL08-54-000, we also confirm for the CAISO that April 23, 2008 will be the effective date for the reduction of Vernon's TRR to reflect Startrans' acquisition from Vernon of the Mead Transmission Interests. Finally, as the CAISO states in its May 7, 2008 Answer, the CAISO can only collect a TRR for Startrans subsequent to the effective date of the amendments to the TCA. Therefore, although our previous order in Docket No. ER08-413-000 established a March 31, 2008 effective date for Startrans' TRR, our establishment here of an April 23, 2008 effective date for the TCA amendments makes April 23, 2008 the actual effective date for Startrans' TRR.

**5. Other Proposed Revisions and Amendments to the TCA**

48. With regard to the various other ministerial revisions and amendments to the TCA that the CAISO proposes, which have not been protested or discussed here, we find them to be just and reasonable and, therefore, accept them.

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<sup>21</sup> See CAISO May 7, 2008 Answer at 4-5.

The Commission orders:

(A) The CAISO's complaint is hereby granted in part and dismissed in part, as discussed in the body of this order.

(B) The CAISO's proposed revisions to the TCA are hereby accepted for filing, to be effective on April 23, 2008, as discussed in the body of this order.

(C) The CAISO is hereby directed to submit a compliance filing, within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

Document Content(s)

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