

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

Puget Sound Energy, Inc.

)

Docket No. EL01-10-000

**MOTION TO INTERVENE OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION**

Pursuant to Rule 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. § 385.214, the California Independent System Operator Corporation ("ISO") hereby moves to intervene in the above-captioned proceeding. In support thereof, the ISO states as follows:

I. COMMUNICATIONS

Please address communications concerning this filing to the following persons:

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II. BACKGROUND

On October 26, 2000, Puget Sound Energy, Inc. (“PSE”) tendered for filing, pursuant to Section 206 of the Federal Power Act, 18 C.F.R. § 385.206, a complaint against all jurisdictional sellers of energy and/or capacity at wholesale into electric energy and/or capacity markets in the Pacific Northwest, including parties to the Western Systems Power Pool Agreement (“WSPP Agreement”).

In its complaint, PSE petitioned the Commission for an order capping the prices at which sellers subject to Commission jurisdiction, including sellers of energy or capacity under the WSPP Agreement, may sell capacity or energy into the Pacific Northwest’s wholesale power markets. Specifically, PSE sought an order that caps the prices for wholesale sales of energy or capacity into the Pacific Northwest at a level equal to the lowest cap on prices established, ordered, or permitted by the Commission for wholesale purchases in or wholesale sales of energy or capacity to or through markets operated by the ISO or the California Power Exchange Corporation. PSE sought a refund effective date, to the extent that any refund is called for, of sixty days after the filing of the complaint.

On June 22, 2001, Puget Sound filed a motion to dismiss its complaint and a notice of withdrawal of its complaint and its subsequent rehearing request. Puget Sound explains that the Commission’s June 19 Order in Docket Nos. EL00-95, et al.,¹ satisfied its complaint because it implemented price mitigation measures throughout WSCC. Several parties filed answers to the motion.

¹ *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services, et al.*, 95 FERC ¶ 61,418 (2001).

Bonneville Power Administration (“Bonneville”), for example, stated that the Commission must fully resolve the issues raised in the complaint regardless of whether it grants Puget Sound's motion, arguing that the focus on spot markets in the June 19 Order is not appropriate outside of California, where utilities rely on forward contracts. Similarly, the City of Tacoma and Port of Seattle jointly filed an answer opposing the motion on the basis that dismissal would unduly prejudice parties outside of California that relied on the existence of the complaint, and arguing that the issues raised in the complaint are an integral part of market issues that the Commission is addressing in Docket Nos. EL00-95, et al.

On June 22, 2001, the Commission issued an order clarifying the June 19 Order to indicate that parties in the settlement proceeding established by the June 19 Order were not limited to settling only California-related matters, but could also discuss settling past accounts related to sales in the Pacific Northwest. The Chief Judge's Report on the settlement proceeding, however, stated that there was little time to address the issues raised by the parties in Puget Sound's proceeding and noted that they did not have data on unpaid balances nor on refunds due them.

On June 25, 2001, the Commission established a separate preliminary evidentiary proceeding pertaining to the Northwest, intended to develop a factual record on whether there may have been unjust and unreasonable charges for spot market bilateral sales in the Pacific Northwest for the period beginning December 25, 2000 through June 20, 2001. It directed all parties to the Puget

Sound complaint proceeding to participate in the proceeding and to focus on settling past accounts related to spot market sales in the Pacific Northwest, and noted that interested parties to the proceedings in Docket Nos. EL00-95, of which the ISO is one, may participate at their discretion.

III. BASIS FOR MOTION TO INTERVENE

The ISO is a non-profit public benefit corporation organized under the laws of the State of California and responsible for the reliable operation of a grid comprising the transmission systems of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company, as well as for the coordination of the competitive electricity market in California. The ISO previously filed, on November 17, 2000, a timely unopposed motion to intervene in the proceeding, and it is a party. The ISO is also a party to the other dockets that the Commission is considering in the context of Docket Nos. EL00-95.

As the operator of this grid and facilitator of regional energy markets, the ISO believes that it has a unique interest in any Commission proceeding that concerns the performance of regional energy markets and that may impact a contiguous transmission system. PSE itself notes that “California and Pacific Northwest markets are part of the substantially integrated wholesale power market of the Western Interconnection” See PSE Complaint at 7-9. Moreover, on behalf of ISO market participants, the ISO has engaged in bilateral transactions with Northwest sellers of capacity and energy and is evaluating whether it has any claims in that regard.

Accordingly, the ISO requests that it be permitted to intervene herein with full rights as a party.

IV. CONCLUSION

Wherefore, for the foregoing reasons, the ISO respectfully requests that the Commission permit it to intervene, and that it be accorded full party status in this proceeding.

Respectfully submitted,

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Counsel for the California Independent
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Date: August 1, 2001

August 1, 2001

VIA MESSENGER

David P. Boergers, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Puget Sound Energy, Inc., Docket No. EL01-10-000

Dear Secretary Boergers:

Enclosed for filing are one original and fourteen copies of the Motion to Intervene of the California Independent System Operator Corporation in the above-cited proceeding. Two additional copies of the filing are also enclosed.

I would appreciate your stamping the additional copies with the time/date stamped and returned to us by the messenger. Thank you for your assistance.

Respectfully submitted,

Michael E. Ward
Michael Kunselman
Counsel for the California Independent System
Operator Corporation

cc: Service List

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, on this 1st day of August, 2001.

Michael Kunselman