

II. BACKGROUND

On October 1, 2001, Pacific Gas and Electric Company ("PG&E") as the owner of generating facilities with Reliability Must-Run ("RMR") Agreements ("RMR Agreements") with the CA ISO, made an informational filing ("Informational Filing") to the Commission in Docket No. ER02-11-000. The Informational Filing included revised Annual Fixed Revenue Requirement ("AFRR") values for PG&E's RMR generating facilities. The revised AFRR values were then incorporated in PG&E's annual 205 update filing on October 31, 2001 in docket No. ER02-208-000 for the 2002 RMR rates ("Rate Filing"). The CA ISO protested both these filings. On December 19, 2001, the Commission accepted and nominally suspended the Rate Filing subject to the outcome of the proceeding in Docket No. ER02-11-000 and subject to refund, effective January 1, 2002.

On April 19, 2002, PG&E and the CA ISO jointly filed an Offer of Settlement ("Settlement") in Docket Nos. ER02-11-000 and ER02-208-000 resolving all issues pending in the proceedings including the AFRR for PG&E's RMR generating facilities and the implementation of corresponding changes in 2002 RMR rates. On July 23, 2002, the Commission approved the Settlement, ordered refund to be made within 30 days, and ordered a compliance report to be filed with the Commission within 15 days thereafter.

On August 21, the CA ISO and PG&E filed a joint motion requesting an extension until September 20, 2002, to issue the refund and 15 days thereafter to file the compliance report. On October 7, 2002, PG&E tendered for filing its

compliance report ("PG&E refund report"). On October 9, 2002, the Commission issued a notice of filing inviting interested parties to intervene and file comments on the PG&E refund report.

III. BASIS FOR MOTION TO INTERVENE

The CA 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 PG&E, and other utilities, as well as for the coordination of the competitive Ancillary Services and real-time electricity markets in California. As the counter party in the RMR Agreements governing PG&E's provision of RMR services, the CA ISO has a unique interest in any Commission proceeding concerning rates and refunds under those RMR Agreements. Accordingly, the CA ISO has a direct and substantial interest in this proceeding and requests that it be permitted to intervene in this proceeding with full rights of a party.

IV. COMMENTS

The CA ISO has reviewed the PG&E refund report and concurs that the refunds reflected therein are accurately documented and consistent with the Settlement approved by the Commission.

V. CONCLUSION

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

Respectfully submitted,

Jeanne M. Solé
Regulatory Counsel
California Independent System Operator
Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7222

Counsel for the California Independent
System Operator Corporation

Date: October 28, 2002



October 28, 2002

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

Re: **Pacific Gas and Electric Company,**
Docket No. ER02-11-001 and ER02-208-001

Dear Secretary Salas:

Enclosed please find an electronic filing in the above-captioned proceeding of the Motion to Intervene and Comments of the California Independent System Operator Corporation. Thank you for your attention to this filing.

Respectfully submitted,

Jeanne M. Solé
Counsel for the California Independent
System Operator Corporation

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 Folsom, CA, on this 28th day of October, 2002.

Jeanne M. Solé