

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

California Independent System Operator Corporation)	Docket Nos. ER02-250-000 ER02-527-000
)	
Pacific Gas and Electric Company)	Docket No. ER02-479-000
)	
)	

**MOTION FOR CLARIFICATION OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rule 212 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.212 (2002), the California Independent System Operator Corporation (“ISO”)¹ respectfully submits this Motion for Clarification of the Letter Order issued in the above-captioned dockets on December 26, 2002. 101 FERC ¶ 61,371 (2002) (“December 26 Order”). The ISO requests clarification that the schedule by which it provides refunds under the terms of the 2002 Grid Management Charge (“GMC”) Settlement Agreement (“Settlement Agreement”) may comport with the invoice settlement process by which all ISO accounts are settled, and that such refunds, plus interest, may be provided on February 5, 2003.

¹ Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the ISO Tariff.

I. Background

On October 17, 2002, the ISO filed the Settlement Agreement in the above-captioned dockets. The Settlement Agreement, which was unopposed by any party to this proceeding, constituted a full and final resolution of all issues in the GMC proceeding, apart for one issue of interest only to San Diego Gas & Electric Company and the ISO.² As part of the Settlement Agreement, the ISO's GMC rates for 2002 were determined. Article III of the Settlement Agreement states that the ISO will provide refunds plus interest to customers to the extent that amounts have been collected pursuant to the GMC rates filed on November 2, 2001 in excess of the amounts that would have been collected had the rates of the Settlement Agreement been in effect as of January 1, 2002.

On December 26, 2002, the Commission issued a Letter Order approving the 2002 GMC Settlement and directing that "any amounts collected in excess of the settlement rates shall be refunded together with interest computed under Section 35.19a of the Commission's regulations, 18 C.F.R. § 35.19a (2002)." December 26 Order at ¶ 3. The Commission's December 26 Order directed that the refunds be made within 30 days of the order's date.

² This issue is now before the Commission in Docket No. ER01-313, *et al.*, the 2001 GMC proceeding.

II. Settlements Procedures

The ISO's invoicing and settlements procedures require that preliminary invoices and preliminary Settlement Statements be prepared and sent to Market Participants prior to the issuance of final invoices and Settlement Statements, together with any refunds that are appropriate. The schedule for such preliminary and final invoices is established in the ISO's Payment Calendar, and is dictated by the Settlement and Billing Protocol and Section 11 of the ISO Tariff. One reason that preliminary Statements are issued by the ISO is to allow Market Participants the opportunity to examine and, where appropriate, to dispute such Statements before payments are made or refunds are issued.

III. Timing of Refunds

The ISO requests that it be permitted to make the refunds appropriate under the terms of the Settlement Agreement, together with interest, on February 5, 2003. This timing will allow the ISO to follow its usual procedures under the ISO Payments Calendar, including issuing preliminary invoices on January 28 (the date on which preliminary invoices for transactions taking place in November of 2002 would be issued), and also allow Market Participants the opportunity to validate their Statements as prescribed by the ISO Tariff.³

Because of the structure of the ISOs settlements system, it would be extremely difficult and costly, if not a practical impossibility, to provide the refunds within 30 days of the December 26 Order, rather than in the usual course of ISO settlements.

Moreover, as the Settlement Agreement requires that interest be calculated on any refunds that are issued, no party will be harmed by this slight delay in providing the refunds.

IV. Conclusion

For these reasons, the ISO requests that the Commission clarify its December 26 Order to allow the ISO to issue the refunds and interest appropriate under the 2002 GMC Settlement Agreement on February 5, 2003.

Respectfully submitted,

Charles F. Robinson
General Counsel
Anthony Ivancovich
Senior Regulatory Counsel
Stephen A. S. Morrison
Corporate Counsel
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-2207
Fax: (916) 351-4436

J. Phillip Jordan
Julia Moore
Theodore J. Paradise
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW
Washington, DC 20007
Tel: (202) 424-7500
Fax: (202) 424-7643

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³ ISO Tariff Section 11.7.2.

