

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

California Independent System Operator Corporation)	Docket No. ER98-211-000
)	
California Power Exchange Corporation)	Docket Nos. ER98-210-000 and ER98-1729-000
)	
Southern California Edison Company)	Docket No. ER98-462-000
)	
Pacific Gas & Electric Company)	Docket Nos. ER98-556-000 and ER98-557-000

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION FOR AUTHORIZATION TO COLLECT
SETTLEMENT RATES ON AN INTERIM BASIS**

Pursuant to Rule 212 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.212 (1998), the California Independent System Operator Corporation (ISO) hereby moves for authorization to collect settlement rates on an interim basis, beyond January 1, 1999, pending Commission action on the *Offer of Settlement to Extend the Terms of the Existing GMC Settlement* (October 1998 Offer of Settlement) filed herewith. The ISO seeks authorization to continue collecting the April 7, 1998 Settlement rates after January 1, 1999, if the Commission has not yet acted on the October 1998 Offer of Settlement by that date. In support of this motion, the ISO states as follows:

1. On April 7, 1998, the ISO filed a comprehensive settlement offer, which fully resolved the issues in Docket Nos. ER98-211-000 and ER98-462-000 and partially resolved the issues in Docket Nos. ER98-210-000, ER98-1729-000, ER98-556-000 and ER98-557-000. The April 7, 1998 Settlement set forth the Grid Management Charge (GMC) and related provisions. See *Explanatory Statement in Support of Offer of Settlement* and the October 1998 Offer of Settlement filed concurrently herewith for a comprehensive description of the

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April 7, 1998 Settlement. The Commission approved the April 7, 1998 Settlement on June 1, 1998.

2. According to the April 7, 1998 Settlement, if approved by the ISO Governing Board, the ISO agreed to file with FERC under Section 205 to implement new GMC rates (proposed to be effective January 1, 1999) based on the results of an unbundling study (April 7, 1998 Settlement, ¶ 20). However, due to the issues outlined in the October 1998 Offer of Settlement at 4-6, the unbundling working group concluded that the unbundling process required additional time and that the GMC filing as required by the April 7, 1998 Settlement should be postponed.

3. Under the October 1998 Offer of Settlement, the ISO proposes to extend the terms of the April 7, 1998 Settlement for six months — the GMC formula and assessment provisions of the April 7, 1998 Settlement will be carried forward until July 1, 1999. The ISO also agrees to make a new GMC filing with rates to be effective on July 1, 1999. *See* October 1998 Offer of Settlement for a complete explanation of the terms.

4. In the April 7, 1998 Settlement it was agreed that the ISO would make a new GMC rate filing to be effective on January 1, 1999. Consequently, the ISO and the parties intended that the rates provided for in that settlement would be effective during 1998. Although the ISO is filing the October 1998 Offer of Settlement more than 60 days before January 1, 1999, it is possible that the Commission will not act on it before that date. If there is no Commission action on the October 1998 Offer of Settlement before January 1, 1999, the ISO believes that the April 7, 1998 Settlement rate would automatically continue in effect until the Commission acts on the settlement. However, in an abundance of caution, the ISO requests Commission authorization to continue collecting the April 7, 1998 Settlement rate

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during the interim pending Commission action. If the Commission approves the October 1998 Offer of Settlement before January 1, 1999, this motion will be moot.

5. The ISO must have a rate on file with the Commission. The April 7, 1998 Settlement rate was agreed to by all parties (no party filed opposing comments) and accepted by the Commission on June 1, 1998. Presumably, the only other rate the ISO could collect is the October 17, 1997 GMC rate originally filed in this docket. The October 17, 1997 rate, however, was not approved by the Commission nor was it agreed to by the parties. Moreover, in response to an August 31, 1998 letter from the ISO regarding support for the extension of the April 7, 1998 Settlement, a large majority of stakeholders indicated that they either support or do not oppose the extension of the April 1, 1998 Settlement for six months to allow further study of the unbundling issues. Given the overwhelming agreement of affected customers, and in the interest of advancing the largely successful stakeholder process for reaching a consensus on the unbundling issues, good cause exists to authorize the collection of extended settlement rates on an interim basis, if necessary, pending final action on the October 1998 Offer of Settlement.¹

WHEREFORE, the ISO respectfully requests that, if necessary, the Commission grant its motion for authorization to continue collecting the April 7, 1998 Settlement rates on an interim basis from January 1, 1999 to July 1, 1999, pending Commission action on the

¹ See *American Electric Power Service Corp.*, 71 FERC ¶ 61,013 (1995); *Puget Sound Power & Light Co.*, 69 FERC ¶ 61,183 (1994).

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October 1998 Offer of Settlement filed herewith. In addition, the ISO requests that the Commission's order grant waiver of any notice and filing requirements to the extent required to accomplish the relief requested by this motion.

Respectfully submitted,

**CALIFORNIA INDEPENDENT
SYSTEM OPERATOR
CORPORATION**

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