

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company)
For a Certificate of Public Convenience and)
Necessity for the Northeast San Jose Transmission) A. 99-09-029
Reinforcement Project) (Filed September 9, 1999)
_____)

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR ON THE DRAFT DECISION OF ALJ THOMAS MAILED APRIL 2,
2001**

April 30, 2001

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In accordance with CPUC rule 77.2 and 77.3, the California Independent System Operator ("CA ISO") submits these reply comments on the draft decision of ALJ Thomas mailed April 2, 2001 ("Draft Decision") in the above captioned case. The Office of Rate Payer Advocates ("ORA") recommends that the California Public Utilities Commission ("CPUC" or "Commission") decline to issue a Certificate of Public Convenience and Necessity ("CPCN") for the Northeast San Jose Project pending further proceeding related to cost issues. Other parties also recommend further proceedings on various issues. The CA ISO urges the CPUC to resist approaches, such as denial of the CPCN, that will delay commencement of project construction.

As documented by the CA ISO in its testimony, the CA ISO has determined that the Northeast San Jose Project is needed urgently. Exh. 600 at 9. While operating procedures are available to help meet peak loads in 2001, such procedures would be insufficient to maintain system reliability by peak periods in and beyond 2002. Id. Moreover, such operating procedures involve load curtailment in extreme cases. Id.

Accordingly, the CA ISO considers that beyond 2001 such operating procedures would not be adequate to maintain system reliability and continuity of electric service to the South Bay customers. Id. In sum, delay in commencement of construction of the Northeast San Jose Project will jeopardize reliable service to the South Bay in 2002 and is contrary to the public interest. Accordingly, the CA ISO advocates rejection of approaches that would delay commencement of project construction.

Respectfully submitted this 30th April, 2001 by:

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