

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

Application of Pacific Gas and Electric Company)
(U 39 E) for a Certificate of Public Convenience and)
Necessity Authorizing the Construction of the Tri)
Valley 2002 Capacity Increase Project)
_____)

A. 99-11-025
(Filed November 22, 1999)

**NOTICE OF EX PARTE COMMUNICATION OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

August 22, 2001

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**NOTICE OF EX PARTE COMMUNICATION OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR
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In accordance with CPUC Rule 1.4, the California Independent System Operator (CA ISO) respectfully submits this Ex Parte Notice. On August 17, 2001, Jeanne M. Solé, Regulatory Counsel for the CA ISO, and Irina Green, a CA ISO Grid Planning Engineer, participated in an all party meeting with Commissioner Carl Wood and his advisors. Numerous additional parties participated in the all party meeting.

The CA ISO addressed the Proposed Decision of Administrative Law Judge Cooke mailed July 24, 2001 (Proposed Decision) in the above captioned case. The CA ISO noted that it is pleased the Proposed Decision recognized the critical need for new facilities in the Tri Valley area. The CA ISO argued that the Proposed Decision errs in failing to approve a new substation in North Livermore since the substation is needed if the load forecast for the area materializes and since there is no evidence in the record to support a conclusion that the North Livermore substation will not be needed. The CA ISO noted problems with the Proposed Decision's reliance on the Las Positas substation to support load growth that would be served by the North Livermore substation.

The CA ISO also expressed the view that, given the critical need for the Tri Valley Project, the California Public Utilities Commission (CPUC) must take timing considerations into account

when selecting among alternatives. In particular, the CPUC should take timing considerations into account when considering an alternative, such as the selected Dublin substation, alternative that is unanimously opposed by the parties.

Finally, the CA ISO expressed concern about the failure of the Proposed Decision to afford adequate consideration to CA ISO determinations of need. The CA ISO stressed that the CPUC and the CA ISO must work together in a fashion that is respectful of the respective responsibilities of the organizations. The CA ISO highlighted in particular that language in the Proposed Decision indicating that while the CA ISO has responsibility to ensure reliability, ensuring reliability and deciding that particular transmission projects should be built are two different issues. The CA ISO noted that this language is unhelpful and that the CA ISO cannot maintain reliability if the Projects it determines are needed are not built. The CA ISO noted that it is looking forward to further dialogue with the CPUC on coordinating the activities of the CA ISO and the CPUC so that these are complementary.

Dated at Folsom, California, this 22nd day of August, 2001

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