

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

California Independent System Operator Corporation)	Docket No. ER01-313-004
Pacific Gas and Electric Company)	Docket No. ER01-424-004

**ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TO THE MOTION TO STRIKE OF THE
SACRAMENTO MUNICIPAL UTILITY DISTRICT
STYLED AS AN ANSWER TO THE MOTION OF THE
COGENERATION ASSOCIATION OF CALIFORNIA AND
THE ENERGY PRODUCERS AND USERS COALITION**

**To: The Honorable Bobbie J. McCartney
Presiding Administrative Law Judge**

Pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213, the California Independent System Operator Corporation ("ISO") hereby submits its Answer to the Motion to Strike of the Sacramento Municipal Utility District ("SMUD"). On January 10, 2005, under the guise of an Answer to the Motion to Clarify the Scope of the Proceeding and Motion to Strike of the Cogeneration Association of California and the Energy Producers and Users Coalition ("CAC/EPUC") in the above-identified proceeding, SMUD asks the Presiding Judge to strike testimony that was not identified in the Motion of CAC/EPUC. By its nature, an answer does not request relief, but responds to a request for relief. If SMUD seeks to have testimony stricken,

SMUD must file a motion under Rule 212 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.212, seeking such relief.

Nonetheless, under the assumption that the Presiding Judge may deem SMUD's Answer to be such a Motion, the ISO responds herein. SMUD contends that the portions of the ISO's testimony in question seek to relitigate whether there should be any exemption whatsoever to the allocation of the Control Area Services charge to behind-the-meter load and contends that the testimony, which SMUD describes as discussing "the alleged services that the CAISO provides to 'all load,' the alleged services the CAISO provides to all behind-the-meter load and the costs of providing such alleged services to behind-the-meter loads," is irrelevant to the issues that the Commission identified for hearing.

The third issue that the Commission identified for hearing, however, was "How and to what extent behind-the-meter load netted against unmodeled generation imposes CAS costs, as delineated by ISO witness Lyon, on the ISO."

California Ind. Sys. Operator Corp., 109 FERC ¶ 61,162 at P 17. As an example of the costs, the Commission cited a portion of the Initial Decision on the ISO's Grid Management Charge that included the following description:

The functions identified by Mr. Lyon include: analysis of system security; the establishment of transmission maintenance standards; system planning to ensure overall reliability; integration with other Control Areas; emergency management; outage coordination; the scheduling of Generation; imports; exports, and Wheeling in the Day-Ahead and Hour-Ahead of actual operations and after-the fact reconciliation activities; annual and multi-year studies to determine the need for Reliability Must-Run ("RMR") generator contracts; operational studies, real time monitoring and dispatching; and the dispatch and monitoring of Ancillary Services. [FN41] The ISO

asserts these services are essential to ensure the safe and reliable operation of the transmission system.

California Ind. Sys. Operator Corp., 99 FERC ¶ 63,020 at 65.098.

Wherefore, the ISO respectfully requests that Motion to Strike be denied.

Respectfully submitted,

/s/ Michael E. Ward

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Dated: January 12, 2005

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 12th day of January in the year 2005 at Folsom in the State of California.

/s/ Stephen A.S. Morrison
Stephen A.S. Morrison