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August 1, 2008

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, D.C. 20426

**Re: California Independent System Operator Corporation  
Compliance Filing  
Docket No. EL08-52-\_\_\_**

Dear Secretary Bose:

The California Independent System Operator Corporation ("CAISO") hereby submits an original and five copies of the instant filing in compliance with the Commission's "Order Granting in Part and Dismissing in Part Complaint and Accepting Revisions to Transmission Control Agreement," 124 FERC ¶ 61,004, issued on July 2, 2008 ("July 2 Order"). Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger.

## **I. Background**

On April 1, 2008, the CAISO submitted in the above-referenced proceeding a filing ("April 1 Filing") setting forth a complaint to modify the Transmission Control Agreement ("TCA"), under which the CAISO assumes Operational Control of the transmission facilities that constitute the ISO Controlled Grid.<sup>1</sup> In the July 2 Order, the Commission accepted all of the revisions to the TCA proposed in the April 1 Filing and directed the CAISO to submit a compliance filing within 30 days of the order including (1) revised TCA tariff sheets indicating an April 23, 2008 effective date for the TCA amendments

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix D to the TCA or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

and (2) a revised form of "TAC Rate" spreadsheet.<sup>2</sup> The CAISO submits the instant filing to comply with the directives in the July 2 Order.

## **II. Revised "TAC Rate" Spreadsheet**

In response to intervenor concerns in this proceeding that the ISO Tariff does not include clear provisions regarding the treatment of the Transmission Revenue Requirement ("TRR") of a Non-Load-Serving Participating TO that is acquiring only existing transmission rights and facilities that are already under the CAISO's Operational Control, the CAISO proposed to develop a revised form of its "TAC Rate" spreadsheet to clarify that treatment. The CAISO's "TAC Rate" spreadsheet provides all the information regarding the Commission-accepted TRRs of the Participating TOs that comprise the CAISO's formula transmission Access Charge ("TAC") rates.

The Commission directed the CAISO to make a compliance filing of its revised form of "TAC Rate" spreadsheet specifically to include additional columns that break down by TAC Area the aggregate TRRs for Existing High Voltage Facilities of Participating TOs associated with load and the resulting rates for these facilities to be used in calculating the net benefits and burdens and Transition Charge rates.<sup>3</sup> The CAISO's revised form of this spreadsheet is attached hereto as Attachment B.

The revised spreadsheet attached is intended to confirm that the result of the currently-specified calculation is that the TRR of Startrans, as a Non-Load-Serving Participating TO that is acquiring only existing transmission rights that are already under the CAISO's Operational Control, will not be included in Transition Charge calculations. To ensure that this calculation is transparent, the CAISO has added additional columns to the spreadsheet to break out by TAC Area the aggregate TRRs for Existing High Voltage Facilities of Participating TOs associated with Load. In the attached spreadsheet, the TRR of Startrans is excluded from the calculation of the East Central TAC Area TRR (see column 11B) and the ISO "grid-wide" TRR (see column 14B) associated with Load. The resulting rates and their effect on the net benefits and burdens and the Transition Charge rates are shown in the attached spreadsheet through the added calculation of TAC Area rates based on TRRs associated with Load (see column 13B) and the Existing High Voltage Facility ISO "grid-wide" rate now being based

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<sup>2</sup> The Commission also granted the CAISO's request for waiver of ISO Tariff Section 4.3.1.1 and Appendix F, Schedule 3, Section 8.1 to allow Startrans IO, L.L.C. ("Startrans") to become a Participating Transmission Owner ("TO") on the effective date requested by the CAISO. July 2 Order at P 41; *see also* P 1 ("we grant the waiver and proposed tariff change requested by the CAISO to permit the proposed amendments to become effective on April 23, 2008"). No revisions to the ISO Tariff are needed to implement that waiver.

<sup>3</sup> July 2 Order at P 35.

only on TRRs associated with Load (see column 18). These two components now make up the overall Existing High Voltage Facility TAC rates (see column 21).

Concurrent with this compliance filing of the attached revised form of "TAC Rate" spreadsheet in Attachment B, the CAISO is also today submitting a separate informational filing to the Commission of this "TAC Rate" spreadsheet pursuant to the CAISO's routine process for notifying the Commission of the effective date of revised CAISO TAC rates, in this case identifying the effect on TAC rates of the addition of the TRR of Startrans and the reduction in the TRR of the City of Vernon associated with the acquisition by Startrans of the Vernon transmission rights that were the subject of this proceeding.

### **III. Materials Provided in the Instant Compliance Filing**

In addition to this transmittal letter, the instant compliance filing includes Attachments A and B. Attachment A contains clean ISO Tariff sheets reflecting the April 23, 2008 effective date for the TCA tariff sheets described above. Attachment B contains the CAISO's revised form of "TAC Rate" spreadsheet including the additional columns and showing the additional information directed by the Commission.

### **IV. Conclusion**

The CAISO respectfully requests that the Commission accept the instant filing as complying with the directives of the July 2 Order. Please contact the undersigned with any questions concerning this filing.

Respectfully submitted,



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Attorneys for the California Independent System Operator Corporation

**Attachment A – Clean Sheets**

**Startrans IO, L.L.C. Transmission Control Agreement Compliance Filing**

**August 1, 2008**

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APPENDICES A – FACILITIES AND ENTITLEMENTS

- PG&E Appendix A and Supplement
- Edison Appendix A and Supplement
- SDG&E Appendix A and Supplement
- Vernon Appendix A

Anaheim Appendix A  
Azusa Appendix A  
Banning Appendix A  
Riverside Appendix A  
Trans-Elect NTD Path 15, LLC Appendix A  
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PG&E Appendix B  
Edison Appendix B  
SDG&E Appendix B  
Vernon Appendix B  
Anaheim Appendix B  
Azusa Appendix B  
Riverside Appendix B  
Pasadena Appendix B

APPENDIX C - ISO MAINTENANCE STANDARDS

APPENDIX D - MASTER DEFINITIONS SUPPLEMENT

APPENDICES E - NUCLEAR PROTOCOLS

Diablo Canyon Appendix E  
SONGS Appendix E

APPENDIX F - NOTICES

#### 4.4.5 **Startrans IO**

4.4.5.1 In addition to the foregoing, the ISO, Startrans IO, L.L.C. ("Startrans IO"), and the Participating TOs acknowledge and agree that, following the ISO's approval of Startrans IO's application for Participating TO status and upon the effective date of Startrans IO's TO Tariff as approved by FERC, Startrans IO shall be entitled and obligated to recover the just and reasonable costs of developing, financing, constructing, operating and maintaining transmission assets and associated facilities forming part of the network in which it has transmission rights and Entitlements through Startrans IO's Transmission Revenue Requirement as established from time to time by FERC, including the specific rate principles approved by FERC in Docket No. ER08-413, to the extent that the transmission assets and associated facilities used to provide the transmission rights and Entitlements, as well as the transmission rights and Entitlements themselves, are placed under ISO Operational Control.

4.4.5.2 In reliance on the continued availability of a FERC-approved Transmission Revenue Requirement, as set forth above, Startrans IO will not withdraw from this Agreement except in connection with the transfer, sale or disposition of any of its transmission rights and Entitlements in compliance with Sections 3.3, 4.4, and any other applicable provision of this Agreement.

4.4.5.3 If Startrans IO should seek to transfer, sell or dispose of its transmission rights and Entitlements or any part thereof, then in addition to any and all other obligations imposed on such a transfer, sale or disposition by this Agreement, any applicable provisions of the ISO Tariff, and FERC rules and regulations, Startrans IO shall require as a condition of such transfer, sale or disposition that the transferee of any of its transmission rights and Entitlement(s): (a) assume in writing Startrans IO's rights and obligations under this Agreement, including without limitation all of the obligations imposed by this Section 4.4.5, *e.g.*, the obligation to recover the just and reasonable costs of developing, financing, constructing, operating and maintaining transmission assets and associated facilities forming part of the network in which it has transmission rights and Entitlements, as set forth in Section 4.4.5.1, exclusively through a FERC-approved Transmission Revenue Requirement; (b) become a Participating TO in the ISO; and (c) assume the obligation to bind each and every one of its transferees, successors and assigns to all of the obligations assumed by Startrans IO under this Agreement. For the avoidance of doubt, the transfer of any of Startrans IO's transmission rights and Entitlements cannot take place unless and until the holder of any such transmission rights and Entitlements has, in conjunction with the transfer, become a Participating TO in the ISO.

4.4.5.4 Nothing in this Section 4.4.5 shall be interpreted as affecting the right of any party to seek to increase or decrease, at the FERC or appeals therefrom, the established or proposed Transmission Revenue Requirement of Startrans IO or any subsequent holder of any of the transmission rights and Entitlements.

4.4.5.5 Notwithstanding the foregoing subsections of Section 4.4.5, this Section 4.4.5 shall become null and void in the event of and upon the first to occur of:

(a) Startrans IO receives for three (3) consecutive months either an underpayment, pursuant to Section 11.18.3 of the ISO Tariff, or a pro rata reduction in payments under Section 11.16.1 of the ISO Tariff, with each such underpayment or pro rata reduction equal to or greater than twenty percent (20%) of the monthly amount due and owing to Startrans IO from the ISO, or (b) Startrans IO receives either an underpayment, pursuant to Section 11.18.3 of the ISO Tariff or a pro rata reduction in payments under Section 11.16.1 of the ISO Tariff which, when calculated on a cumulative annual basis, is equal to or greater than five percent (5%) of the total amount due and owing to Startrans IO from the ISO for the twelve (12) month period ending prior to the month or months in which such underpayment or pro rata reduction occurs, *provided* such an underpayment or pro rata reduction does not result from: (i) Access Charge sales fluctuations that impact the monthly Access Charge revenue disbursement to Startrans IO, but which are subject to annual TRBA adjustment true-ups to be made by the Participating TO pursuant to Section 6.1 of Schedule 3 of Appendix F of the ISO Tariff; (ii) Startrans IO's action or failure to act; (iii) an error that has been corrected by the ISO; or (iv) a billing or payment dispute between Startrans IO and the ISO.

4.4.5.6 Should this Section 4.4.5 become null and void under Section 4.4.5.5, then Startrans IO, the ISO and the other Participating TOs shall remain bound by all of the remaining provisions of this Agreement.

**27. SIGNATURE PAGE**

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

**California Independent System Operator Corporation** has caused this Transmission Control Agreement to be executed by its duly authorized representative on this \_\_\_\_\_ day of \_\_\_\_\_, 2008 and thereby incorporates the following Appendices in this Agreement:

Appendices A

Appendices B

Appendix C

Appendix D

Appendices E

Appendix F

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**  
**151 Blue Ravine Road**  
**Folsom, California 95630**

**by:** \_\_\_\_\_

**Jim Detmers**  
Vice President, Operations

**40. SIGNATURE PAGE**

**STARTRANS IO, L.L.C.**

**STARTRANS IO, L.L.C.** ("Startrans IO") has caused this Transmission Control Agreement to be executed by its duly authorized representative on this \_\_\_\_\_ day of \_\_\_\_\_, 2008 and thereby incorporates the following Appendices in this Agreement:

Appendix A (Startrans IO)

Appendix C

Appendix D

Appendix F

**STARTRANS IO, L.L.C.**

By: \_\_\_\_\_  
Madison Grose  
Vice Chairman and Senior  
Managing Director

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
FERC ELECTRIC TARIFF NO. 7  
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

Substitute First Revised Sheet No. 92  
Superseding Original Sheet No. 92

**APPENDIX A.2: CITY OF VERNON**

**TRANSMISSION ENTITLEMENTS**

**[NOT USED]**

Issued by: Anjali Sheffrin, Ph.D., Chief Economist  
Issued on: August 1, 2008

Effective: April 23, 2008

**APPENDIX A: STARTRANS IO, L.L.C.**

**TRANSMISSION ENTITLEMENTS**

POINT OF RECEIPT- DELIVERY	PARTIES	DIRECTION	CONTRACT-TITLE	FERC	CONTRACT TERMINATION	CONTRACT AMOUNT
1. Mead-Adelanto Project (MAP)	SCPPA, MSR, Startrans IO (Operating Agent-LA)	Bi-Directional	<ul style="list-style-type: none"> <li>- MAP Joint Ownership Agreement</li> <li>- Adelanto Switching Station Interconnection Agreement</li> <li>- Marketplace-McCullough 500 kV Interconnection Agreement</li> </ul>		As agreed to by the owners and approved by the Project Coordinating Committee.	81 MW
2. Mead-Phoenix Project (MPP)	SCPPA, MSR, Startrans IO, SRP, APR (Operating Managers – SRP, Western (DSW))	Bi-Directional Bi-Directional Bi-Directional	<ul style="list-style-type: none"> <li>- MPP Joint Ownership Agreement</li> <li>- Westwing Substation Interconnection Agreement.</li> <li>- Mead Interconnection Agreement</li> <li>- Marketplace-McCullough 500 kV Interconnection Agreement</li> </ul>		As agreed to by the owners and approved by the Project Management Committee.	28 MW 47 MW 75 MW
a) Westwing-Mead b) Mead Substation c) Mead-Marketplace						

**STARTRANS IO, L.L.C.**

Name of Primary

Representative: Madison Grose  
Title: Vice Chairman and Senior Managing Director  
Address: Starwood Energy Group Global, L.L.C.  
591 West Putnam Ave.  
City, State, Zip Code: Greenwich, CT 06830  
Email address: [grosem@starwood.com](mailto:grosem@starwood.com)  
Phone: (203) 422-7714  
Fax No: (203) 422-7814

Name of Alternative

Representative: Stephen P. Zaminski  
Title: Executive Vice President and Managing Director  
Address: Starwood Energy Group Global, L.L.C.  
591 West Putnam Ave.  
City, State, Zip Code: Greenwich, CT 06830  
Email address: [szaminski@starwood.com](mailto:szaminski@starwood.com)  
Phone: (203) 422-7761  
Fax No: (203) 422-7861

## **Attachment B**



**STEP 2: Calculate the HV Access Charge the UDC/MSS pays on Filed Gross Load and Benefit/Burden. Note: ISO total for (Benefit)/Burden may not equal zero due to rounding of TAC Rate.**

TAC Area	Filed Gross Load (MWH) [24]	EHVF only TAC Rate (\$/MWH) [25]	Amount Paid Based on Filed Gross Load (\$) [26]	EHVF only Utility Specific Rate (\$/MWH) [27]	Would Have Paid w/ EHVF Utility Specific Rate (\$) [28]	EHVF Access Charge (Benefit)/Burden (\$) [29]
PGE	90,934,164	1.8703	170,070,984	1.8773	170,711,601	(640,617)
SCE	91,670,569	1.9073	174,843,471	1.7384	159,363,861	15,479,610
SDGE	21,271,145	1.6801	35,737,876	0.9266	19,708,518	16,029,358
Anaheim	2,766,313	1.9073	5,276,195	7.8337	21,670,561	(16,394,366)
Azusa	239,575	1.9073	456,942	4.2110	1,008,851	(551,910)
Banning	139,457	1.9073	265,987	5.9522	830,074	(564,088)
Pasadena	1,239,884	1.9073	2,364,833	7.0224	8,706,949	(6,342,116)
Riverside	1,814,019	1.9073	3,459,882	7.5413	13,680,083	(10,220,201)
Vernon	1,288,684	1.9073	2,457,910	(0.5792)	(746,419)	3,204,329
Starttrans	-	1.9073	0	0	0	0
<b>ISO Total</b>	<b>211,363,810</b>		<b>394,934,080</b>		<b>394,934,080</b>	<b>0</b>

**STEP 3: For information only -- Projected annual net benefits/burdens from Access Charge for Existing Facilities.**

\$32/32/8 million cap for IOUs; munis are held harmless; IOUs pay muni cost increases in proportion to their cap relative to the total cap.

EHVF Access Charge (Benefit)/Burden [29]	IOU Burden Annual Cap (\$) [31]	IOUs' Cap Exceeds IOUs' Burden [32]	Amount IOUs' Burden Exceeds IOUs' Cap [33]	Payments by Entities with Net Benefit [34]	Mitigation Payments [35]	Adjusted Net (Benefit) / Burden [36]	Reallocation IOU Burden [37]	Transition Charge [38]	Adjusted Net (Benefit) / Burden [39]	Transition Charge Rate (\$/MWh) [40]
\$ (640,617)	\$ 32,000,000	\$ 32,640,617	\$ 0	\$ 7,458,644	\$ 7,458,644	\$ 6,818,027	\$ 8,325,386	\$ 15,784,030	\$ 15,143,413	\$ 0.1736
\$ 15,479,610	\$ 32,000,000	\$ 16,520,390	\$ 0	\$ 3,775,042	\$ 3,775,042	\$ 19,254,653	\$ (4,111,239)	\$ (336,197)	\$ 15,143,413	\$ (0.0037)
\$ 16,029,358	\$ 8,000,000	\$ 0	\$ 8,029,358	\$ 0	\$ (8,029,358)	\$ 8,000,000	\$ (4,214,147)	\$ (12,243,504)	\$ 3,785,853	\$ (0.5756)
\$ (16,394,366)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (16,394,366)	\$ 0	\$ 0	\$ (16,394,366)	\$ 0
\$ (551,910)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (551,910)	\$ 0	\$ 0	\$ (551,910)	\$ 0
\$ (564,088)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (564,088)	\$ 0	\$ 0	\$ (564,088)	\$ 0
\$ (6,342,116)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (6,342,116)	\$ 0	\$ 0	\$ (6,342,116)	\$ 0
\$ (10,220,201)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (10,220,201)	\$ 0	\$ 0	\$ (10,220,201)	\$ 0
\$ 3,204,329	\$ 0	\$ 0	\$ 3,204,329	\$ 0	\$ (3,204,329)	\$ 0	\$ 0	\$ (3,204,329)	\$ 0	\$ (2.4865)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 0	\$ 72,000,000	\$ 49,161,007	\$ 11,233,686	\$ 11,233,686	\$ (0)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

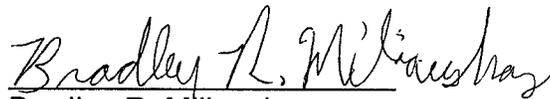
**STEP 4: For Information Only -- Projected annual net benefits/burdens from Access Charge for New Facilities and Total projected annual net benefits/burdens from Access Charge.**

	Filed Annual TRR New HV Facilities (\$) [41] = [2]	ISO Wide Annual Gross Load (MWh) [42] = [3]	New HVTRR Rate (\$/MWh) [43] = ([15]) / [16]	New HVTRR Responsibility (\$) [44] = ([42]) * [43]	NHVF Access Charge (Benefit)/Burden (\$) [45] = ([44]) - [41]	Total Access Charge (Benefit)/Burden (\$) [46] = ([45]) + [39]
PGE	\$ 194,448,728	90,934,164	\$ 1,8295	\$ 166,366,734	\$ (28,081,994)	\$ (12,938,580)
SCE	\$ 94,316,942	91,670,569	\$ 1,8295	\$ 167,714,009	\$ 73,397,067	\$ 88,940,480
SDGE	\$ 65,557,597	21,271,145	\$ 1,8295	\$ 38,916,187	\$ (26,641,410)	\$ (22,855,557)
Anaheim	\$ -	2,766,313	\$ 1,8295	\$ 5,061,051	\$ 5,061,051	\$ (11,333,315)
Azusa	\$ -	239,575	\$ 1,8295	\$ 438,310	\$ 438,310	\$ (113,600)
Banning	\$ -	139,457	\$ 1,8295	\$ 255,141	\$ 255,141	\$ (308,947)
Pasadena	\$ -	1,239,884	\$ 1,8295	\$ 2,268,404	\$ 2,268,404	\$ (4,073,711)
Riverside	\$ -	1,814,019	\$ 1,8295	\$ 3,318,801	\$ 3,318,801	\$ (6,901,399)
Vernon	\$ -	1,288,684	\$ 1,8295	\$ 2,357,685	\$ 2,357,685	\$ 2,357,685
Atlantic P15	\$ 32,373,056	0	\$ 1,8295	\$ 0	\$ (32,373,056)	\$ (32,373,056)
<b>Total</b>	<b>\$ 386,696,323</b>	<b>211,363,810</b>		<b>\$ 386,696,323</b>	<b>\$ 0</b>	<b>\$ 0</b>

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing documents upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 1<sup>st</sup> day of August, 2008.

  
Bradley R. Miliauskas  
Bradley R. Miliauskas