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January 30, 2002

The Honorable Magalie R. Salas,
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket Nos. ER02-599-000; ER02-599-001
Revised Transmission Access Charge Informational Filing**

Dear Secretary Salas:

Enclosed with this transmittal letter, please find an attachment (Attachment A) revising the ISO's bi-annual informational update to its transmission Access Charge in the above captioned dockets.

I. Background

On December 21, 2001, in accordance with Appendix F, Schedule 3, Section 8.1 of the ISO Tariff, the California Independent System Operator Corporation ("ISO") filed its bi-annual update to its transmission Access Charge ("December 21 filing"). Access Charges are determined through a formula rate mechanism, so the semi-annual adjustments take place automatically. The adjusted rates noticed by the ISO in its December 21 filing became effective on January 1, 2002.

As noted in the December 21 filing letter, the adjusted charges are based on the modified Transmission Revenue Requirements, both High Voltage and Low Voltage as a result of: (1) the Offer of Settlement accepted by the Commission in Pacific Gas & Electric Company's ("PG&E") Docket No. ER01-66-000, (2) San Diego Gas and Electric Company's ("SDG&E") supplemental surcharge accepted, subject to refund, in Docket No. ER01-3074-000, and (3) the annual adjustment to the Transmission Revenue Balancing Account ("TRBA") of the Participating TOs.

On December 28, 2001, PG&E filed its TRBA adjustment in Docket No. ER02-637-000, SDG&E filed its TRBA adjustment in Docket No. ER02-635-000, and Southern

California Edison Company filed its TRBA adjustment in Docket No. ER02-636-000. The rates in the ISO's December 21 filing were based on this data.

Subsequent to the ISO's December 21 filing, both PG&E and SDG&E submitted revised TRBA figures to the ISO. PG&E has filed their revised TRBA data with the Commission, see PG&E supplemental filing in Docket No. ER02-637-001 dated January 18, 2001, and SDG&E will make its supplemental filing with the Commission in the near future. The present ISO filing incorporates the corrected TRBA figures for both PG&E and SDG&E and amends the overall Access Charges accordingly. The ISO is requesting that the revised Access Charge figures be given an effective date of January 1, 2002.

II. Revised Adjusted Charges Under Formula Rates

The December 21 filing listed the re-calculated rates for each of the TAC Areas as follows:

| | |
|---------------------|------------|
| Northern Area - | \$2.67/MWh |
| East Central Area - | \$1.85/MWh |
| Southern Area - | \$2.51/MWh |

A worksheet taking into account the revised TRBA figures supplied by PG&E and SDG&E and illustrating the recalculation of the ISO's transmission Access Charge with this data is included with this letter at Attachment A. The revised rates are:

| | |
|---------------------|------------|
| Northern Area - | \$2.28/MWh |
| East Central Area - | \$1.80/MWh |
| Southern Area - | \$2.50/MWh |

III. Notice

In addition to the attachment described above, the ISO is providing a form of notice suitable for publication in the Federal Register (Attachment B), which is also provided in electronic format on the enclosed diskette.

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. Thank you for your assistance with this matter.

Respectfully submitted,

Theodore J. Paradise

Counsel for
the California Independent System
Operator Corporation

ATTACHMENT A

ISO Access Charges for 2002
(Based on Annual TRR and Filed Load Data)
(as of 18 January, 2002)

INPUTS: In the second year, 80% of TRR of existing High Voltage ("HV") facilities is TAC Area, 20% is ISO Grid-wide and Transmission Revenue Requirement of New HV facilities are included in ISO Grid-wide; each PTO is its own UDC/MSS.

| | Filed Annual TRR for Existing HV Facilities (\$) [1] | Filed Annual TRR for New HV Facilities (\$) [2] | Filed Annual Gross Load (MWh) [3] | TAC Area [4] | Total filed TRR [5] = [1] + [2] | HV Utility Specific Rate (\$/MWh) [6] = [5] / [3] |
|--------------|---|--|--|--------------------|--|--|
| PG&E | \$201,381,289 | \$0 | 86,686,550 | N | \$201,381,289 | 2.3231 |
| SCE | \$127,918,887 | \$0 | 78,427,896 | EC | \$127,918,887 | 1.6310 |
| SDG&E | \$45,916,380 | \$396,150 | 17,700,683 | S | \$46,312,530 | 2.6164 |
| Vernon | \$9,852,000 | \$0 | 1,211,000 | EC | \$9,852,000 | 8.1354 |
| Total | \$385,068,556 | \$396,150 | 184,026,129 | | \$385,464,706 | |

Note: TRR are values net of TRBA and revenues from transmission for others
 Filed Gross Load TRR are values consistent with filed TRR

STEP 1: Calculate the Access Charge Rate for each TAC Area. TAC-Area portion is the percent of Total TRR in each area which has not yet transitioned to the ISO (80%) divided by the Total Load of each area. The ISO portion is the percent of all TRR which has transitioned to ISO-Wide (20%), plus the TRR of New HV Facilities, divided by total load.

| | Annual TRR of Existing HV Facilities (\$) [7] | Annual TAC Area TRR (\$) [8] = [7] x 80% | Annual Gross Load (GWh) [9] | TAC-Area Rate (\$/MWh) [10] = [8] / [9] | | TAC Rate (TAC Area + ISO-wide) (\$/MWh) [15] = [10] + [14] | Wheeling Rate for TAC Area (\$/MWh) [15] = [15] |
|--------------|---|---|--|--|---|---|--|
| North | \$201,381,289 | \$161,105,031 | 86,686,550 | 1.8585 | } | North | 2.28 |
| East/C | \$137,770,887 | \$110,216,710 | 79,638,896 | 1.3840 | | East/Central | 1.80 |
| South | \$45,916,380 | \$36,733,104 | 17,700,683 | 2.0752 | | South | 2.50 |
| Total | \$385,068,556 | \$308,054,845 | 184,026,129 | | | | |
| | ISO-Wide Annual TRR of Existing HV Facilities (\$) [11] Total ([7]) x 20% | Annual TRR of New HV Facilities (\$) [12] = Total [2] | Annual Gross Load (GWh) [13] | ISO-Wide Rate (\$/MWh) [14] = ([11] + [12]) / [13] | | | |
| ISO-wide | \$77,013,711 | \$396,150 | 184,026,129 | 0.4206 | | | |

Annual TAC Projections (based on TRR data)

STEP 2: Calculate the HV Access Charge the UDC/MSS pays on Filed Gross Load and Benefit/Burden

| | 2001 Net Load (act. Jan-Oct, est. Nov-Dec) (MWh) [16] | TAC Area Rate (\$/MWh) [17] = [15] | Amount Paid on Filed Gross Load (\$) [18] = [16] x [17] | Utility Specific (\$/MWh) [19] = [6] | Would Have Paid under Utility-Specific (\$) [20] = [16] x [19] | Access Charge (Benefit)/ Burden (\$) [21] = [18] - [20] |
|-------------|--|--|--|--|---|--|
| TAC Area | | | | | | |

California Independent System Operator Corp.

| | | | | | | | |
|--------------|----|--------------------|--------|----------------------|--------|----------------------|------------------|
| PG&E | N | 91,727,454 | 2.2791 | \$209,058,229 | 2.3231 | \$213,091,799 | (\$4,033,570) |
| SCE | EC | 81,892,511 | 1.8046 | \$147,783,374 | 1.6310 | \$133,569,807 | \$14,213,567 |
| SDG&E | S | 18,155,353 | 2.4959 | \$45,313,628 | 2.6164 | \$47,502,140 | (\$2,188,511) |
| Vernon | EC | 1,182,395 | 1.8046 | \$2,133,753 | 8.1354 | \$9,619,290 | (\$7,485,537) |
| Total | | 192,957,713 | | \$404,288,984 | | \$403,783,035 | \$505,948 |

Note: ISO total for Access Charge (Benefit)/Burden not equal to zero due to rounding or TAC Rate

STEP 3: For Information Only -- Estimated annual GMC (Benefit) Burden based on increased ISO participation.

| | GMC Payment Without New Members (\$) [22] | GMC Payment With New Members (\$) [23] | GMC (Benefit)/ Burden (\$) [24] = [23] - [22] | The projected change in GMC rates has an expected impact of less than 5%. |
|--------------|--|---|--|--|
| PG&E | \$0 | \$0 | \$0 | |
| SCE | \$0 | \$0 | \$0 | |
| SDG&E | \$0 | \$0 | \$0 | |
| Vernon | \$0 | \$0 | \$0 | |
| Total | \$0 | \$0 | \$0 | |

STEP 4: For Information Only -- Projected annual net benefits/burdens from Access Charge and GMC Impact.

\$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.

| Access Charge (Benefit)/ Burden (\$) [24] = [21] | GMC (Benefit)/ Burden (\$) [25] = [24] | Projected Net (Benefit)/ Burden (\$) [26] = [24] + [25] | Cap on Burden (\$) [27] | Amount by Which IOUs' Cap Exceeds IOUs' Burden (\$) [28] if [27] - [26] > 0: = [27] - [26]. If there is no cap, then 0. | Amount by Which Burden Exceeds Cap (\$) [29] if [26] - [27] > 0: = [26] - [27]. If there is no cap, then 0. | Payments by Entities which have a Net Benefit (\$) [30] IOUs = ([28] / total[28]) x total[29]; Munis = ([26] / total[26]) x total[29] - total[28] | Mitigation Payments (\$) [31] = [34] - [33] | Adjusted Net (Benefit)/ Burden (\$) [32] = [30] + [34a] | Reallocation of IOU Burden (\$) [31] Reallocate IOU Burden so that IOU Burden (col [34]) is in proportion to the cap (col [27]) | Projected Transition Charge (\$) [32] = - [29] + [30] + [31] | Projected Transition Charge (\$/MWh) [33] = [32] / [3] | Projected Net (Benefit)/ Burden (\$1000) [34] = [32] + [26] |
|--|---|---|----------------------------------|---|---|--|---|---|--|---|---|---|
| PG&E | (\$4,033,570) | \$0 | (\$4,033,570) | \$32,000,000 | \$36,033,570 | \$0 | \$0 | (\$4,033,570) | \$7,585,341 | \$7,585,341 | \$0.08750 | \$3,551,771 |
| SCE | \$14,213,567 | \$0 | \$14,213,567 | \$32,000,000 | \$17,786,433 | \$0 | \$0 | \$14,213,567 | (\$10,661,796) | (\$10,661,796) | (\$0.13594) | \$3,551,771 |
| SDG&E | (\$2,188,511) | \$0 | (\$2,188,511) | \$8,000,000 | \$10,188,511 | \$0 | \$0 | (\$2,188,511) | \$3,076,454 | \$3,076,454 | \$0.17380 | \$887,943 |
| Vernon | (\$7,485,537) | \$0 | (\$7,485,537) | \$0 | \$0 | \$0 | \$0 | (\$7,485,537) | \$0 | \$0 | \$0.00000 | (\$7,485,537) |
| Total | \$505,948 | \$0 | \$505,948 | \$72,000,000 | \$64,008,515 | \$0 | \$0 | \$505,948 | \$0 | \$0 | | \$505,948 |

ATTACHMENT B

**NOTICE SUITABLE FOR PUBLICATION IN THE
FEDERAL REGISTER**

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

**California Independent System Operator) Docket No. ER02-599-000
Corporation**

Notice of Filing

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Take notice that the California Independent System Operator Corporation ("ISO"), on January 30, 2002, submitted a revised informational filing as to its transmission Access Charge rates. The ISO states that the revised filing was necessary because Pacific Gas and Electric Company and San Diego Gas and Electric Company submitted revised data to the Commission which affects the Access Charge formula rates. The ISO has requested that the revised rates be effective as of January 1, 2002.

The ISO states that this filing has been served the Public Utilities Commission of California, the California Energy Commission, the California Electricity Oversight Board, and all parties with effective Scheduling Coordinator Agreements under the ISO Tariff, as well as the parties listed on the Commission's service list.

Any person desiring to be heard or to protest the filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests must be filed in accordance with § 35.9 of the Commission's regulations. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room. This filing may also be viewed on the Internet at <http://www.ferc.fed.us/online/rims.htm> (call 202-208-2222 for assistance).

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties 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). In addition, copies of the foregoing document have been served on the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, and all parties with effective Scheduling Coordinator Service Agreements under the ISO Tariff. In addition, the ISO is posting this transmittal letter and all attachments on the ISO Home Page at <http://www.caiso.com>.

Dated at Washington, DC this 30th Day of January, 2002.

Theodore J. Paradise, Esq.
(202) 424-7500