

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

Reliant Resources, Inc.,)	
Reliant Energy Power Generation, and)	Docket No. EL03-170-000
Reliant Energy Services, Inc.)	

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION ON AGREEMENT AND STIPULATION**

To: Presiding Administrative Law Judge Carmen A. Cintron

On August 29, 2003, Reliant Resources, Inc., Reliant Energy Power Generation, Inc., Reliant Energy Services, Inc., Reliant Energy Coolwater, Inc., Reliant Energy Ellwood, Inc., Reliant Energy Etiwanda, Inc., Reliant Energy Mandalay, Inc., and Reliant Energy Ormand Beach, Inc. (collectively, "Reliant") and the Federal Energy Regulatory Commission Trial Staff ("Staff") submitted an Agreement and Stipulation ("Agreement") to the Commission in full and final resolution of all issues related to Reliant set for hearing on June 25, 2003 in *American Electric Power Service Corp., et al.*, 103 FERC ¶ 61,345 (2003) (the "Gaming Show Cause Order" or the "Order"). Pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2003), and to the ruling of the Presiding Judge extending the deadline for comments on the Agreement until September 30, 2003, the California Independent System Operator Corporation ("CAISO") submits these comments on the Agreement.

I. Background

The Gaming Show Cause Order required Reliant to show cause why it should not be found to have engaged in False Import, Paper Trading, and Double Selling, as those practices were described in the Order. In the Agreement, Reliant and Staff propose to settle as to Double Selling by having Reliant pay \$836,000.16. They propose to settle as to False Import and Paper Trading for no money.

II. Discussion

The CAISO has no objection to the settlement of False Import or Paper Trading pursuant to the terms set forth in the Agreement. Additionally, the CAISO does not object to the settlement of Double Selling on the terms specified in the Agreement, with one proviso. That is, the Agreement will not affect the ongoing Amendment No. 51 proceeding (Docket No. ER03-746), specifically the issue of whether certain Ancillary Services payments made to Reliant during the April 1, 1998 through September 9, 2000 period should be rescinded, except that Reliant will be entitled to *offset* the settlement amount of \$836,000.16 against the total amount that Reliant is determined to owe in that proceeding with respect to the months of June and August 2000. Paragraph 4.4 of the Agreement appears to endorse this approach.

Additionally, the CAISO's concurrence with this Agreement is limited only to those matters set for resolution in this Docket pursuant to the Order. The CAISO objects to the proposed condition of this settlement that the Commission

provide assurance that “at no time shall Reliant be subject to further scrutiny or investigation by the Commission for its trading activities in the State of California during the period January 1, 2000 through June 20, 2001, except for those issues that may be raised in Docket No. IN03-10-000.” Agreement at P 3.4. It is not in the public interest to prevent the possibility of bringing additional show cause proceedings against Reliant, should facts turn up that would justify such proceeding based on time periods, practices or transactions different from those made relevant to Reliant in the Gaming Show Cause Order.

III. Conclusion

The CAISO does not object to the settlement of False Import, Paper Trading, or Double Selling pursuant to the terms of the Agreement. The CAISO does object to the proposed condition of this settlement that "at no time shall Reliant be subject to further scrutiny or investigation by the Commission for its trading activities in the State of California during the period January 1, 2000 through June 20, 2001, except for those issues that may be raised in Docket No. IN03-10-000."

Respectfully submitted,

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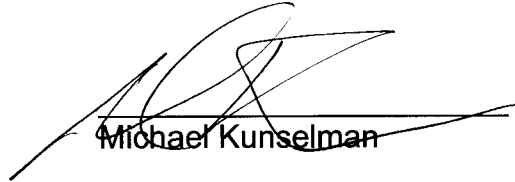

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Dated: September 30, 2003

CERTIFICATE OF SERVICE

In accordance with the order issued by the Presiding Administrative Law Judge I hereby certify that I have this day served the foregoing document by posting an electronic copy on the Listserv for this proceeding, as maintained by the Commission.

Dated at Washington, DC, on this 30th day of September, 2003.



Michael Kunselman