



California Independent
System Operator Corporation

December 28, 2006

Via Electronic Filing

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: Pacific Gas and Electric Company
Humboldt Bay Power Plant; San Joaquin Power Plant and
Kings River Watershed
Cancellation of Rate Schedules 208, 211 and 226
Docket No. ER07-298-000**

Dear Secretary Salas:

Transmitted herewith for electronic filing in the above-referenced proceedings is the Motion to Intervene and Comments in Support of the California Independent System Operator Corporation.

Thank you for your attention to this matter.

Yours truly,

/s/ Sidney Mannheim Davies

Sidney Mannheim Davies
Assistant General Counsel
Counsel for the California Independent
System Operator Corporation

Enclosure
cc: Service List

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

**Pacific Gas and Electric
Company**

)
)
)

Docket No. ER07-298-000

**MOTION TO INTERVENE AND COMMENTS IN SUPPORT OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rule 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.214, and the Commission’s December 11, 2006, Combined Notice of Filings, the California Independent System Operator Corporation (“CAISO”) submits this Motion to Intervene and Comments in the above captioned proceeding. In support thereof, the CAISO states as follows:

I. DESCRIPTION OF THE PROCEEDING

On December 7, 2006, Pacific Gas and Electric Company (PG&E) tendered for filing its Notice of Cancellation of its FERC Rate Schedules 208, 211 and 226 of the Reliability Must Run (“RMR”) Service Agreements between PG&E and CAISO for Humboldt Bay Power Plant (PG&E Rate Schedule FERC No. 208); San Joaquin Power Plant (PG&E Rate Schedule FERC No. 211); and Kings River Watershed (PG&E Rate Schedule FERC No. 226) PG&E requests the Notice of Cancellation to become effective January 1, 2007, consistent with the termination date of the underlying contract.

By its Notice issued December 11, 2006, the Commission established December 28, 2006, as the date motions to intervene are to be filed in the above-captioned proceeding.

II. DESCRIPTION OF THE CAISO AND COMMUNICATIONS

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California with its principal place of business at 151 Blue Ravine Road, Folsom, CA 95630. The CAISO is the Control Area operator responsible for the reliable operation of the electric grid comprising the transmission systems of a number of utilities including Pacific Gas & Electric Company (“PG&E”) as well as the coordination of the ancillary services and real-time electricity markets in California.

The CAISO requests that all communications and notices concerning this motion and these proceedings be provided to:

Sidney Mannheim Davies
Assistant General Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-7144
Fax: (916) 608-7222
E-mail: sdavies@caiso.com

Robert C. Kott
Manager of Model and Contract
Implementation
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-5804
Fax: (916) 351-2487
E-mail: rkott@caiso.com

III. CAISO’S INTEREST

Humboldt Bay, San Joaquin, and Kings River Watershed Power Plants are located within PG&E’s transmission system and have been needed to maintain the reliability of the ISO Controlled Grid. As the Control Area operator and as the counter party to the RMR Agreements, the CAISO has a unique interest in any Commission proceeding that affects an RMR Agreement. Accordingly, the CAISO has a direct and substantial interest in this proceeding and requests that it be permitted to intervene. Because no other party can

adequately represent the CAISO's interests in this proceeding, the CAISO's intervention is in the public interest and should be granted.

IV. COMMENTS IN SUPPORT

The CAISO supports these rate schedule cancellations because the CAISO and PG&E signed an Interim Dual Fuel Agreement (PG&E Rate Schedule FERC No. 233); and an Interim Black Start Agreement (PG&E Rate Schedule FERC No. 234), in FERC Docket No. ER07-299-000. These two Interim Agreements that set forth the rates, terms and under which PG&E proposes to provide Dual Fuel and Black Start Services to the CAISO from the Humboldt Bay, San Joaquin, and Kings River Watershed Power Plants under the RMR Service Agreements. Based on the fact that PG&E has entered into the Interim Agreements and that procured adequate Local Area Resource Adequacy Resources the CAISO supports the Notice of Cancellation.

V. CONCLUSION

For the foregoing reasons, the CAISO respectfully requests that the Commission grant this Motion to Intervene with Comments in Support and make the CAISO a party in the above-caption proceeding with full rights of participation.

Dated: December 28, 2006

Respectfully submitted

/s/ Sidney Mannheim Davies
Sidney Mannheim Davies

CERTIFICATE OF SERVICE

I hereby certify that I have, this 28th day of December 2006, caused to be served a copy of the forgoing document upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

/s/ Sidney Mannheim Davies
Sidney Mannheim Davies