

98 FERC - 61, 174
 UNITED STATES OF AMERICA
 FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
 William L. Massey, Linda Breathitt,
 and Nora Mead Brownell.

Southern California Edison Company

Docket No.
 ER02-608-000

ORDER REJECTING FILING

(Issued February 15, 2002)

On December 26, 2001, pursuant to section 205 of the Federal
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 Power Act and Section 35.13 of the Commission's regulations,
 Southern California Edison Company (Edison) filed an amendment to
 the Firm Transmission Service Agreement (Agreement) between
 Edison and M-S-R Public Power Agency (M-S-R) proposing to
 discontinue scheduling and dispatching (S&D) services to M-S-R.
 Edison requests that the Commission accept this amendment for
 filing, to become effective 60 days after the date of filing.
 The Commission finds that the filing constitutes a cancellation³
 of service under Section 35.15 of the Commission's regulations,
 as opposed to an amendment in service, because Edison proposes to
 delete all provisions related to S&D service. Furthermore, the
 Commission finds that Edison's proposed cancellation of S&D
 service under the Agreement is not adequately supported. This
 order benefits customers by ensuring that the Commission obtains
 adequately supported filings to determine whether cancellation of
 a service is appropriate.

Background

The Agreement, which became effective on May 1, 1995,
 provides M-S-R and its members with 150 MW of transmission
 service from the midpoint of the Victorville-Lugo transmission

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 line to Midway Substation. Under the Agreement, Edison provides

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 16 U.S.C. 824d (1994).

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 18 C.F.R. 35.13 (2001).

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 18 C.F.R. 35.15 (2001).

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 The Commission has accepted this Agreement for filing as
 First Revised Rate Schedule FERC No. 339.

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firm and interruptible transmission service and S&D service on behalf of M-S-R. Since the inception of service under the Agreement, Edison has provided S&D service on behalf of M-S-R at rates approved or accepted for filing by the Commission.

Edison's Filing

Edison's filing proposes to delete current provisions in the Agreement that require Edison to schedule the transmission service for M-S-R. In place of the current provisions related to S&D service, Edison proposes to require M-S-R to schedule the transmission service and assume responsibility for all ISO fees and charges associated with such schedules. Edison also proposes to add a new Section 6.12.1 to the Agreement, to provide that, in the event Edison resumes operational control over Edison's transmission facilities, Edison will accept schedules of energy from M-S-R using transmission service provided pursuant to the Agreement, and if the parties are unable to agree on appropriate rates, terms and conditions of such S&D service, then Edison may make the appropriate filing with the Commission pursuant to FPA section 205. Edison's proposal also adds new sections 5.20 and 5.21 to the Definitions section.

According to Edison, its proposal recognizes that the ISO, as the control area operator, is now the entity responsible for scheduling and dispatching the facilities over which transmission service is provided under the Agreement. Edison states that its proposed "amendment" does not alter the transmission service provided to M-S-R under the Agreement, but rather "merely clarifies the parties' responsibilities for scheduling such

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service with the CAISO."

As support for canceling the S&D service it currently provides under the Agreement, Edison argues, inter alia, that:

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The Agreement does not define what constitutes scheduling and dispatching service. The ISO Tariff describes the responsibilities of a Scheduling Coordinator as including: an obligation to pay the ISO's charges in accordance with the ISO Tariff (Section 2.2.6.1); submitting schedules for energy in the day-ahead market and hour-ahead market (Section 2.2.6.2); coordinating and allocating modifications in scheduled demand and exports (Section 2.2.6.3); billing and settling an Inter-Scheduling Coordinator energy trade and notifying the ISO (Section 2.2.6.4); scheduling deliveries (Section 2.2.6.5); and tracking and settling trades (Section 2.2.6.6); submitting annual and weekly forecasts peak demand and forecasted generation capacity (Section 2.2.6.8); and complying with all ISO Protocols and ensuring compliance by market participants (Section 2.2.6.9).

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Edison's Transmittal Letter at 1.

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(1) the Agreement permits Edison unilaterally to apply to the Commission for a change in rates, charges, classification, or service, pursuant to FPA section 205; (2) the purported amendment does not impact M-S-R's transmission rights; (3) it is no longer necessary or appropriate for Edison to serve as the Scheduling Coordinator or provide S&D services for the Agreement because there are numerous Scheduling Coordinators from which M-S-R can choose; and (4) scheduling for M-S-R unnecessarily provides Edison personnel with confidential market information.

Notice, Interventions, and Protests

Notice of Edison's filing was published in the Federal Register, 67 Fed. Reg. 729 (2001), with interventions and protests due by January 16, 2002. M-S-R Public Power Agency, The Modesto Irrigation District and the Cities of Santa Clara and Redding, California (collectively, M-S-R) jointly filed a timely request for rejection, or, in the alternative, protest and request for suspension and hearing. The California Independent System Operator Corporation (ISO) filed a timely motion to intervene and protest. On January 31, 2002, Edison filed an answer.

M-S-R states that Edison seeks unilaterally and without M-S-R's consent to amend the Agreement to deprive M-S-R of its contractual rights to S&D service and Scheduling Coordinator service. M-S-R requests that the Commission reject Edison's filing because it violates: (1) the termination provisions of the Agreement, and (2) the provisions of the Responsible Participating Transmission Owner (RPTO) Agreement between the ISO and Edison that require Edison to provide Scheduling Coordinator

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services to M-S-R. In the alternative, M-S-R argues that Edison's submittal is not adequately supported and contains misleading and irrelevant information. Furthermore, M-S-R argues that, if the Commission does not reject the filing, it should grant a full five-month suspension of Edison's proposed amendment to the Agreement and conduct an expedited hearing on the disputed issues of fact raised in this proceeding.

In its protest, the ISO states that, in light of Edison's proposed amendment to the Agreement, which would require M-S-R to

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Edison and the ISO entered into the RPTO Agreement in order to, among other things, implement provisions of the ISO Tariff as they relate to existing contracts that provide the terms by which the Responsible Participating Transmission Owner will act as Scheduling Coordinator. The RPTO Agreement was negotiated as part of a settlement filed by the ISO, on March 12, 1999, in Docket No. ER98-1058-000, et al. The Commission approved the settlement in a letter order issued on July 16, 1999. California Independent System Operator Corporation, 88 FERC - 61,077 (1999).

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retain a new Scheduling Coordinator or become certified itself as a Scheduling Coordinator, the Commission should clarify the responsibilities of M-S-R and Edison regarding when and how the ISO should be notified of the Scheduling Coordinator.

Discussion

A. Procedural Matters

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. 385.214 (2001), timely, unopposed motions to intervene by M-S-R and the ISO serve to make them parties to this proceeding.

Rule 213(a)(2) of the Commission's Rules of Practice and Procedure generally prohibits an answer to a protest. We are not persuaded to allow Edison's answer to M-S-R's protest and accordingly will reject it.

B. Edison's Filing

The Agreement distinguishes between transmission service and S&D service. For example, Section 9 of the Agreement, which governs charges for transmission service and S&D service, addresses "Transmission Service" in Section 9.1 and "Scheduling and Dispatching Service" in Section 9.2. Section 9.1 governs the charges for firm and interruptible transmission service made by Edison to M-S-R, whereas Section 9.2 governs the charges for S&D service that M-S-R must pay to Edison. Similarly, Section 10 of the Agreement, which governs billing and payment, distinguishes between transmission service and S&D service. Furthermore, Appendix A of the Agreement, entitled "Methodology for Annual Determination of Charges for Scheduling and Dispatching Service," relates specifically to calculation of S&D charges. Accordingly, deleting the provisions of the Agreement that address S&D services and rates constitutes a cancellation of S&D service.

Although Edison characterizes its proposal to delete all provisions of the Agreement relating to S&D service and charges for such service as an amendment to the Agreement, the Commission finds that the proposed filing constitutes a cancellation of service under Section 35.15 of the Commission's regulations. Section 35.15 of the Commission's regulations provides, in relevant part:

When a rate schedule or part thereof required to be on file with the Commission is proposed to be cancelled or is to terminate by its own terms and no new rate schedule or part thereof is to be filed in its place, each party

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required to file the schedule shall notify the Commission of

the proposed
cancellation or termination . . . at least sixty days but
not more than one
hundred-twenty days prior to the date such cancellation or
termination is
proposed to take effect. . . . With such notice each filing
party shall submit
a statement giving the reasons for the proposed cancellation
or termination,
and a list of the affected purchasers to whom the notice has
been mailed.

18 C.F.R. 35.15(a) (2001).

Any cancellation of service must be adequately justified
under Section 35.15 of the Commission's regulations. Edison has
not provided such justification. The statements it has made in
an effort to justify cancellation, e.g., that it is no longer
necessary and appropriate for Edison to provide such service
and/or that M-S-R can choose from a number of Scheduling
Coordinators, are not supported by any facts or changed
circumstances, and do not provide an adequate justification for
Edison to cease providing the service that it has been providing
under the Agreement since May 1, 1995.

Furthermore, since the Commission has rejected Edison's
filing as inadequately supported, we will not address the merits
of the arguments raised by the parties with respect to their
contractual rights under the Agreement and/or the RPTO Agreement
between the ISO and Edison.

The Commission orders:

The Commission hereby rejects Edison's filing as
inadequately supported, as discussed in the body of this order.

By the Commission.

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Magalie R. Salas,
Secretary.