

91 FERC ¶ 61,267
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 15, 2000

In Reply Refer To:
Docket No. ER00-2274-000

California Independent System
Operator Corporation
Attention: Roger E. Smith, Esq.
Senior Regulatory Counsel
151 Blue Ravine Road
Folsom, CA 95630

Dear Mr. Smith:

By letter dated April 24, 2000, you submitted for filing with the Commission, on behalf of California Independent System Operator Corporation (ISO), a Reliability Must-Run Settlement Agreement (Settlement Agreement) among the ISO, Northern California Power Agency (NCPA) and Pacific Gas and Electric Company (PG&E). Appended to the Settlement Agreement are five contracts between the ISO and NCPA which provide for service from NCPA Generating Units. Also appended to the Settlement are a Participating Generator Agreement (PGA) and a Meter Service Agreement (MSA).

The ISO states that the Settlement Agreement is the result of extensive negotiations among the ISO, NCPA, and PG&E concerning the rates, terms and conditions of MRSA's for Generating Units at NCPA facilities designated as Reliability Must-Run (RMR) Units through the ISO's RMR selection process for 1999 and 2000. The Settlement Agreement is hereby approved, and the rates and charges in the five appended NCPA contracts are hereby authorized, under the terms and conditions of those contracts, to be charged to and paid by PG&E as costs incurred by the ISO under those contracts. The PGA and MSA are hereby accepted for filing and are designated and made effective as shown on the enclosure.

Notice of the ISO's filing was published in the Federal Register, with motions to intervene and protests due on or before May 15, 2000. Timely motions to intervene that raise no substantive issues were filed by the California Electricity Oversight Board, Southern California Edison Company, Modesto Irrigation District, and M-S-R Public Power Agency filing jointly with the Cities of Redding, and Santa Clara, California. NCPA and PG&E separately filed interventions in support of the filing and request Commission acceptance of the Settlement as proposed by the ISO.

The Public Utilities Commission of the State of California (California Commission) filed a notice of intervention supporting the Settlement for its benefits to California ratepayers and for its ability to provide for essential services needed by the ISO to facilitate reliable operation of California's electricity grid.

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214) the timely notice of intervention and unopposed interventions serve to make these movants parties to this proceeding.

The Commission's approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The Commission retains the right to investigate the ISO's rates, terms and conditions under the just and reasonable and not unduly discriminatory or preferential standard of section 206 of the Federal Power Act, 16 U.S.C. § 824e.

By direction of the Commission.

Linwood A. Watson, Jr.,
Acting Secretary.

California Independent System
Operator Corporation
Docket No. ER00-2274-000
Rate Schedule Designations
Effective Date: January 1, 2000

<u>Designation</u>	<u>Description</u>
(1) Service Agreement No. 298 under FERC Electric Tariff Original Volume No. 1	Participating Generator Agreement with Northern California Power Agency
(2) Service Agreement No. 299 under FERC Electric Tariff Original Volume No. 1	Meter Service Agreement with Northern California Power Agency