

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

Pacific Gas and Electric Company       )       Docket Nos. ER04-295-000

**MOTION TO INTERVENE, MOTION TO CONSOLIDATE  
AND PROTEST OF THE  
CALIFORNIA INDEPENDENT  
SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 211, 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.211, 212 and 214 (2003), the California Independent System Operator Corporation (“ISO”) submits this motion to intervene, motion to consolidate, and protest. In support thereof, the ISO states as follows:

**I. Description of the Proceeding**

On December 17, 2003, Pacific Gas and Electric Company (“PG&E”) filed, pursuant to Section 205 of the Federal Power Act (“FPA”), revised rate sheets for three of its Reliability Must-Run Service Agreements (“RMR Agreements”) 1/ with the ISO for its hydroelectric facilities, specifically: the Helms Power Plant (“Helms”); San Joaquin River Watershed (“San Joaquin”); and Kings River

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1/ Because the facilities covered by these agreements must operate at certain times for the reliability of the transmission grid, they are referred to as “reliability must-run” or RMR units and the agreements covering them are referred to as “RMR Agreements.” Other capitalized terms that are not defined in this filing have the same meaning set forth in the RMR Agreements or in the Master Definitions Supplement, Appendix A to the ISO Tariff.

Watershed (“Kings River”) (collectively the “Hydro Facilities”). <sup>2/</sup> The filing updates the Contract Service Limits, Owner’s Repair Cost Obligation, and Prepaid Start-up information under the RMR Agreements for service in the 2004 Contract Year for the Hydro Facilities.

## II. Description of the ISO and Communications

The ISO is a non-profit public benefit corporation organized under the laws of the State of California with a principal place of business at 151 Blue Ravine Road, Folsom, CA 95630. The ISO is the Control Area Operator responsible for the reliable operation of a grid comprising of the transmission systems of a number of public utilities including PG&E, as well as for the coordination of the competitive ancillary services and real-time electricity markets in California.

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

Anthony J. Ivancovich  
Senior Regulatory Counsel  
California Independent System  
Operator Corporation  
151 Blue Ravine Road  
Folsom, CA 95630  
916-351-4400 (tel)  
916-608-7222 (fax)

Deborah A. LeVine  
Director of Contracts  
California Independent System  
Operator Corporation  
151 Blue Ravine Road  
Folsom, CA 95630  
916-351-4400 (tel)  
916-608-7222 (fax)

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<sup>2/</sup> PG&E previously filed, in Docket Nos. ER04-142 and ER04-143, its annual information filing for Helms Power Plant, San Joaquin, and Kings River, as well as for the Humboldt Bay Power Plant and Hunters Point Power Plant, updating the Annual Fixed Revenue Requirements (“AFRR’s”) and operation and maintenance (“O&M”) costs for the RMR Facilities (“Schedule F Filing”) in Docket No. ER04-142-000. Schedule F establishes the procedures and methodology for determining the AFRR’s and O&M costs for generating resources designated as RMR Units.

Mary Anne Sullivan  
Hogan & Hartson L.L.P.  
555 Thirteenth Street, N.W.  
Washington, D.C. 20004  
202-637-3695 (tel)  
202-637-5910 (fax)

### **III. Motion to Intervene**

As the Control Area Operator responsible for maintaining reliability and as the counter party in the RMR Agreements governing PG&E's provision of RMR services, the ISO has a unique interest in any Commission proceeding concerning proposed changes to the RMR Agreements. Accordingly, the ISO has a direct and substantial interest in the proposed changes in this docket and requests that it be permitted to intervene in this proceeding with full rights of a party. Because no other party can adequately represent the ISO's interests in this proceeding, the ISO's intervention is in the public interest and should be granted.

### **IV. Protest**

The revised rate schedule for each of the Hydro Facilities update Section 13 "Owner's Repair Cost Obligation" to reflect the revised repair cost obligation for the 2004 Contract Year. The Owner's Repair Cost Obligation is calculated based on the applicable fixed operation and maintenance ("O&M") costs as defined by Schedule F for the same Contract Year. Specifically, the Owner's Repair Cost Obligation is three percent of the fixed O&M costs for all Units at each of the respective facilities.

PG&E's fixed O&M cost for the 2004 Contract Year is currently under review in a proceeding pending before the Commission in Docket No. ER04-

142, PG&E's Schedule F Information Rate Filing [3/](#) concerning the 2004 Contract Year rates and charges under the RMR Agreements between PG&E and the ISO for the Helms, San Joaquin River Watershed, Kings River Watershed, Humboldt Bay Power Plant and Hunters Point Power Plant. [4/](#) The ISO filed a protest in Docket No. ER04-142 arguing, in part, that PG&E's Schedule F Informational Filing proposes substantial and unjustified increases in its O&M costs for the RMR Units. [5/](#) Although the parties have been engaged in informal discovery and discussion with PG&E regarding its Informational Filing, the issue of the O&M costs have not yet been resolved. Because the Owner's Repair Cost Obligation is a percentage of the facility's fixed O&M costs, the Commission should require PG&E to adjust the Owner's Repair Cost Obligation to reflect the final fixed O&M costs agreed to by the Parties in Docket No. ER04-142.

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[3/](#) Schedule F sets forth the procedure and methodology for determining the Annual Fixed Revenue Requirements for generating resources designated as RMR Units. Each RMR owner is required to adjust rates annually, using the rate formula set forth in Schedule F of the RMR Agreements.

[4/](#) On the same day that PG&E made its Schedule F Informational Filing in Docket No. ER04-142, PG&E concurrently filed, in Docket No. ER04-143, revised rate schedule sheets, pursuant to Section 205 of the FPA, reflecting annual updates provided for in the RMR Agreements. On November 21, the ISO filed, in conjunction with its motion to intervene and protest, a motion to consolidate Docket Nos. ER04-142 and ER04-143. The Commission's October 29 Order appears to have consolidated the two proceedings although the Commission does not explicitly so state in its October 29 Order.

[5/](#) See Pacific Gas and Electric Company, Docket No. ER04-142, ISO Protest at 5 (filed November 21, 2003).

## **V. Motion to Consolidate**

The ISO respectfully requests that the Commission consolidate the captioned proceeding, Docket No. ER04-295, with Docket Nos. ER04-142 and ER04-143 (previously consolidated) as this most recent filing involves matters related to PG&E's Schedule F Informational Filing made in Docket ER04-142. Specifically, certain of the updated values in the revised rate schedules that PG&E filed on December 17, 2003 for the Hydro Facilities are based on the annual fixed revenue requirement ("AFRR's") and O&M costs set forth in the Schedule F Filing in Docket No. ER04-142. As illustrated by the ISO's Protest, any changes or corrections made to the AFRR's and O&M costs in the Schedule F Filing will require corresponding changes and corrections to PG&E's filing in Docket No. ER04-295.

Because the two filings are interrelated, the ISO intends to discuss with PG&E its concerns regarding the filings jointly. In light of the fact that interrelated issues are involved in both dockets, consolidation of the dockets will result in savings of time and resources of the parties and of the Commission staff and, hence, is in the public interest.

## **VI. Conclusion**

For the foregoing reasons, the ISO respectfully requests that the Commission: (i) grant the ISO's motion to intervene in the above-captioned proceeding; (ii) consolidate the filings in the captioned proceeding, Docket No. ER04-295, with Docket Nos. ER04-142 and ER04-143 (previously consolidated); and (iii) require PG&E to recalculate the Owner's Repair Cost Obligation for Contract

Year 2004 to reflect any revision to the underlying determinant for calculating Owner's Repair Cost Obligation figure, the fixed O&M costs, agreed to in Docket No. ER04-142.

Respectfully submitted

/s/ Mary Anne Sullivan  
Mary Anne Sullivan  
Karin L. Larson  
Hogan & Hartson L.L.P  
555 13th Street, N.W.  
Washington, D.C. 20004

Counsel for  
California Independent System  
Operator Corporation

Dated: January 7, 2004

**CERTIFICATE OF SERVICE**

I hereby certify that I have this 7<sup>th</sup> day of January, 2004 caused to be served a copy of the forgoing Motion to Intervene, Motion to Consolidate and Protest upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in these proceedings.

/s/ Karin L. Larson  
Karin L. Larson  
Hogan & Hartson L.L.P.  
555 Thirteenth Street, N.W.  
Washington, D.C. 20004-1109  
(202) 637-6861 (voice)  
(202) 637-5910 (fax)

Submission Contents

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