

II. BACKGROUND

On March 7, 2003, San Diego Gas & Electric Company (“SDG&E”) tendered for filing a revised Transmission Owner Tariff, FERC Electric Tariff, Original Volume No. 10 (“TO Tariff”) to reflect changes to the revenue requirements and rates applicable to retail and wholesale transmission customers. In addition to revising its Transmission Revenue Requirement (“TRR”), SDG&E is revising its TO Tariff to adopt a formula rate methodology to derive charges for transmission services going forward. Thus, SDG&E will be using its FERC Form 1 data on an annual basis to derive its TRR. SDG&E states that the amendment to the TO Tariff is being made so that the TO Tariff will more accurately recover SDG&E’s actual TRR. An effective date of May 1, 2003 has been requested for this amendment.

By its Notice issued March 12, 2003, the Commission established March 28, 2003 as the date motions to intervene are to be filed in the above-captioned proceeding.

III. BASIS FOR MOTION TO INTERVENE

The ISO is a non-profit public benefit corporation organized under the laws of the State of California and responsible for the reliable operation of a grid comprising the transmission systems of Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and the Cities of Vernon, Anaheim, Azusa, Banning and Riverside, California. As the operator of this grid, the ISO believes that it has a unique interest in any

Commission proceeding concerning the issues raised in the captioned proceeding.

Due to the press of a number of significant regulatory matters, the ISO was unable to file its intervention in a timely manner. The ISO requests that it be allowed to intervene out-of-time because it has a significant interest in this matter, and its unique interest cannot be adequately represented by any other party. A late-filed intervention by the ISO should not prejudice any party or delay the proceedings herein because such proceeding is in the infant stages and the Commission has not yet issued an order on SDG&E's filing.

IV. COMMENTS

The ISO supports the transmission rate design methodology being proposed by SDG&E and welcomes the opportunity to assist any Participating TOs in achieving a transmission rate design that more accurately recovers their TRR. However, the ISO is concerned with one aspect of SDG&E's proposal - the timing of the proposed updates to the formula rates.

In accordance with ISO Tariff Section 3.1.1, a New Participating TO is allowed to join the ISO effective January 1 or July 1 of any year. With the existing ISO rate design, a New Participating TO joining triggers the need to revise the ISO's Access Charge. Establishing a process that requires the ISO to change the Access Charge every June for SDG&E and potentially in July for New Participating TOs, presents an administrative burden and provides California's Market Participants with less rate stability. Consequently, the ISO requests that SDG&E's proposed formula rate methodology be modified such that the timing of

implementation of such annual adjustments based on the FERC Form 1 were filed May 1, to be effective July 1.

V. CONCLUSION

For the foregoing reasons, the ISO respectfully requests that the Commission permit it to intervene and comment out-of-time, and that the ISO be accorded full party status in this proceeding.

Respectfully submitted,

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Counsel for the California Independent
System Operator Corporation

Date: March 31, 2003

CERTIFICATE OF SERVICE

I hereby certify that I have this day electronically served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Folsom, CA, this 31st day of March, 2003.

Anthony J. Ivancovich



March 31, 2003

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: **San Diego Gas & Electric Company**
Docket No. ER03-601-000

Dear Secretary Salas:

Enclosed please find an electronic filing of the Motion to Intervene and Comment Out-of-Time of the California Independent System Operator Corporation. Thank you for your attention to this filing.

Respectfully submitted,

Anthony J. Ivancovich

Counsel for the California Independent
System Operator Corporation