

ALSTON & BIRD LLP

601 Pennsylvania Avenue, N.W.
North Building, 10th Floor
Washington, DC 20004-2601

202-756-3300
Fax: 202-756-3333

Bradley R. Miliauskas

Direct Dial: 202-756-3405

Email: bradley.miliauskas@alston.com

November 7, 2005

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

**Re: California Independent System Operator Corporation,
Docket No. ER05-1533-000**

Dear Secretary Salas:

Enclosed is the Answer of the California Independent System Operator Corporation to Motions to Intervene and Comments, submitted in the captioned proceeding. Please contact the undersigned with any questions.

Respectfully submitted,

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas

Counsel for the California Independent
System Operator Corporation

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

California Independent System)
Operator Corporation) Docket No. ER05-1533-000

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO MOTIONS TO INTERVENE AND COMMENTS**

Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2005), the California Independent System Operator Corporation (“CAISO”) submits its answer to the motions to intervene and comments filed in response to the filing the CAISO submitted in the captioned proceeding on September 30, 2005 (as supplemented on October 3, 2005) (“Filing”).¹ Of the entities that submitted comments, SMUD and TANC state their support for the Filing, and only the CPUC expresses any reservations about it. For the reasons explained below, the Commission should approve the Filing as submitted.

¹ Motions to intervene only were submitted by Calpine Construction Finance Corporation; the Cities of Redding and Santa Clara, California, and the M-S-R Public Power Agency; the City and County of San Francisco; the Modesto Irrigation District (“MID”); the Northern California Power Agency; Pacific Gas and Electric Company; Southern California Edison Company; and the Western Area Power Administration. Motions to intervene and comments were submitted by the Public Utilities Commission of the State of California (“CPUC”); the Sacramento Municipal Utility District (“SMUD”); and the Transmission Agency of Northern California (“TANC”).

I. STATEMENT OF ISSUES

In accordance with Rule 203(a)(7), 18 C.F.R. 385.203(a)(7), the CAISO provides this Statement of Issues.

1. Whether the Commission should address in this proceeding reliability issues related to the creation of new, smaller Control Areas.

II. ANSWER

This docket concerns the CAISO's filing of an amendment to the Interconnected Control Area Operating Agreement between the CAISO and SMUD ("Amendment"). In its comments, the CPUC restates its previously expressed concern regarding actions that lessen the footprint of the CAISO Control Area and that could operate to balkanize the operation of the transmission grid. CPUC at 2-3. Recognizing that the Amendment does not itself create a new Control Area, the CPUC nonetheless asks the Commission "to carefully scrutinize the proposed Amendment that is the subject of this filing, and to seriously question whether this proposal will serve to enhance – or to detract from – the reliability of the transmission grid in California, and whether it is in the overall interest of California's ratepayers." *Id.* at 3. The CPUC further suggests that if there is "a lack of protests" of the Filing and thus the Commission believes this is not a suitable proceeding in which to consider the issue of transmission reliability, the Commission should address the issue "more generically, in connection with its upcoming consideration in Docket RM05-25-000 of needed reforms to the Commission's Order 888 pro forma open access transmission tariff." *Id.* at 3-4.

The CAISO appreciates the CPUC's recognition that the CAISO, which is neither a participant in the California-Oregon Transmission Project ("COTP") nor an owner of any portion of the COTP, has submitted the Agreement "at the request of SMUD, MID and the participants in the COTP." CPUC at 2. The CAISO's only interest in submitting the Agreement is to facilitate the transfer of

the 500 kV COTP transmission line from the CAISO Control Area to the already-formed SMUD Control Area, as MID and the COTP participants have requested.

The CAISO agrees with the CPUC's concern particularly that the transfer of the COTP to the SMUD Control Area could adversely affect the reliability of the transmission grid in California. See CPUC at 2-3. The CAISO has expressed similar concerns in correspondence with the COTP participants, but the CAISO has been unable to dissuade the COTP participants from transferring the COTP to the SMUD Control Area. However, the CAISO believes that the issue of transmission reliability should be addressed in Docket No. RM05-25-000 and any proceedings to implement the Commission's expanded authority to address reliability matters, rather than in the instant proceeding. Because intervenors raise no other issues in the instant proceeding, the Commission should accept the Filing as submitted.

III. CONCLUSION

Wherefore, for the reasons set forth above, the CAISO respectfully requests that the Commission approve the Filing.

Respectfully submitted,

Charles F. Robinson
General Counsel
John Anders
Corporate Counsel
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7222

/s/ Michael E. Ward
Michael E. Ward
Bradley R. Miliauskas
Alston & Bird LLP
601 Pennsylvania Avenue, NW
North Building, 10th Floor
Washington, D.C. 20004-2601
Tel: (202) 756-3405
Fax: (202) 756-3333

Dated: November 7, 2005

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in the captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

/s/ John Anders _____
John Anders