

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System)	Docket Nos. ER01-313-000
Operator Corporation)	ER01-313-001
)	
Pacific Gas and Electric Company)	Docket Nos. ER01-424-000
)	ER01-424-001

ADDITIONAL REBUTTAL TESTIMONY OF
DEBORAH A. LE VINE
ON BEHALF OF THE
CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

1 **Q. PLEASE STATE YOUR NAME AND TITLE.**

2 A. My name is Deborah A. Le Vine. I am the Director of Contracts for the
3 California Independent System Operator Corporation (“ISO”).
4

5 **Q. AS YOU TESTIFY, WILL YOU BE USING ANY SPECIALIZED TERMS?**

6 A. Yes. I will be using terms defined in the Master Definitions Supplement,
7 Appendix A of the ISO Tariff. In addition, I will use the term “Mohave
8 Participant Energy” to describe Energy from the Mohave Generation Plant
9 transmitted over the Eldorado Transmission System that belongs to joint
10 participants in those facilities other than Southern California Edison Company
11 (“SCE”); and “SWPL Energy” to describe Energy transmitted over the
12 Southwest Power Link (“SWPL”) that belongs to joint participants in SWPL
13 other than San Diego Gas & Electric Company (“SDG&E”).
14

15 **Q. HAVE YOU PROVIDED TESTIMONY PREVIOUSLY IN THIS**
16 **PROCEEDING?**

17 A. Yes I have. I submitted testimony with the November 1, 2000 filing regarding
18 the ISO’s position with regard to certain billing determinants for the ISO’s Grid
19 Management Charge (“GMC”). Specifically, I addressed the issue of how
20 billing the Control Area Services (“CAS”) component of the GMC based on
21 Control Area Gross Load relates to the assessment of the ISO’s transmission
22 Access Charge (“TAC”) on a Gross Load basis. Exh. No. ISO-14.
23

1 I also provided Rebuttal Testimony on September 27, 2001 (Exh. No. ISO-34)
2 regarding the “gross versus net” issue and responding to arguments
3 presented by SCE witness Mark R. Minick that indicate that past treatment of
4 Energy associated with the other non-SCE joint participants’ share of the
5 Mohave Power Plant should dictate their current assessment under the
6 unbundled GMC. My September 27 Rebuttal Testimony also responded to
7 the Cross-Answering Testimony SDG&E witness S. A. Yari (Exh. No. SDO-1)
8 regarding the appropriate assessment of the Market Operations Charge on
9 SWPL Energy.

10

11 **Q. HOW DOES YOUR ADDITIONAL REBUTTAL TESTIMONY RELATE TO**
12 **OTHER TESTIMONY IN THIS PROCEEDING?**

13 A. Mr. Deane Lyon of the ISO also submitted Rebuttal Testimony on September
14 27, 2001 that addresses the appropriate GMC assessment of the Control
15 Area Services Charge on Mohave Participant Energy. Exh. No. ISO-29 at 40-
16 59.

17

18 **Q. WHAT IS THE PURPOSE OF YOUR ADDITIONAL REBUTTAL**
19 **TESTIMONY?**

20 A. The purpose of my testimony is to respond to the Additional Direct Testimony
21 of Mr. Minick on behalf of SCE, Exh. No. SCE-20. In his testimony, Mr.
22 Minick argues that since Mohave Participant Energy and SWPL Energy are
23 similarly situated, it is unduly discriminatory for the ISO to assess the CAS

1 Charge component of the GMC on Mohave Participant Energy and not on
2 SWPL Energy. I will demonstrate that there is a difference between Mohave
3 Participant Energy and SWPL Energy, and that the ISO based its differing
4 treatment of Mohave and SWPL on this difference.

5

6 **Q. IS MR. MINICK CORRECT REGARDING HIS CLARIFYING REMARK**
7 **REGARDING THE TREATMENT OF THE LOS ANGELES DEPARTMENT**
8 **OF WATER AND POWER (“LADWP”)?**

9 A. No. Mr. Minick mischaracterizes the exemption given to LADWP. Exh. No.
10 SCE-20 at 1. The exemption to LADWP is a reciprocal exemption between
11 the ISO and LADWP where LADWP has agreed not to charge the ISO
12 scheduling services or grid management charges for ISO Controlled Grid
13 facilities that are inside LADWP’s Control Area, and in return, the ISO has
14 agreed not to charge LADWP the GMC for transmission facilities that LADWP
15 owns that are inside the ISO Control Area.

16

17 **Q. WHAT AGREEMENT IS USED TO TRANSFER OPERATIONAL CONTROL**
18 **OF TRANSMISSION FACILITIES TO THE ISO?**

19 A. All Participating Transmission Owners, including SCE and SDG&E, have
20 executed the Transmission Control Agreement ("TCA"). The TCA establishes
21 the rights and obligations of both the Participating Transmission Owner and
22 the ISO with respect to transmission facilities.

23

1 **Q. WAS THE ELDORADO TRANSMISSION SYSTEM AND THE SWPL**
2 **TURNED OVER TO ISO OPERATIONAL CONTROL?**

3 **A.** Yes. The situation is not as clean cut as Mr. Minick believes. Exh. No. SCE-
4 20 at 4. SCE included the Eldorado Transmission System in Appendix A to
5 the TCA, and SDG&E included SWPL in its Appendix A. These transmission
6 systems were previously in the Control Area of SCE or SDG&E respectively,
7 and SCE or SDG&E had the obligation to operate the transmission facility.
8 Having the ISO now operate the transmission facilities is no different. The
9 ownership rights for the other joint participants are captured in Appendix B to
10 the TCA. In SCE's Appendix B, Nos. 10 and 11 establish the rights of the
11 other joint participants, but the Operational Control of the facility is the
12 obligation of the ISO. Likewise, in SDG&E's Appendix B, Contract No. 81-
13 050 and 78-003 establish the rights of the other joint participants, but the
14 Operational Control of the facility is the obligation of the ISO.

15

16 **Q. DO YOU AGREE WITH MR. MINICK'S STATEMENT THAT "NEITHER**
17 **SDG&E OR SCE TURNED OVER THE CO-OWNERS' SHARES OF THE**
18 **RELEVANT TRANSMISSION FACILITIES"?**

19 **A.** Not entirely. While I would agree with Mr. Minick that the ISO does not own
20 the transmission facilities turned over to it, as discussed above, the ISO has
21 Operational Control of these facilities. Exh. No. SCE-20 at 4. Operational
22 Control gives the ISO the right to direct Participating Transmission Owners on
23 how to operate their transmission lines and facilities for the purpose of

1 affording comparable non-discriminatory transmission access and meeting
2 Applicable Reliability Criteria.

3

4 **Q. MR. MINICK STATES THAT NEITHER THE MOHAVE PARTICIPANT'S**
5 **FACILITIES NOR THE SWPL ENERGY FACILITIES HAVE BEEN TURNED**
6 **OVER TO ISO CONTROL. EXH. NO. SCE-20 AT 4. DO YOU AGREE?**

7 A. No. Once again, in a case of joint-owned facilities, the situation is not as
8 clean cut as Mr. Minick believes. With regard to Mohave, SCE turned over
9 Operational Control of those facilities when it signed the TCA. Similarly,
10 SDG&E turned over Operational Control of the SWPL facilities at the time it
11 signed the TCA. Mr. Minick states that SCE only turned over the portion of
12 these facilities over which it had control due to contractual relationships with
13 the other Mohave Participants. Exh. No. SCE-20 at 4 and 11. This is
14 incorrect. As discussed above the transmission facilities were turned over to
15 ISO Operational Control. The ISO cannot maintain control over a part of a
16 given facility. It must concern itself with the entire facility, or with none of it.
17 In fact, Mr. Minick admits as much when he states that

18

19 The entire physical set of facilities (i.e., lines, transformers, etc.)
20 that comprise both SWPL and the Eldorado System arguably
21 are both "physically" under the ISO's control because you
22 cannot simply say that facilities A, B, and C belong to one co-
23 owning utility and facilities E, F, and G belong to the others.

24

25 Exh. No. SCE-20 at 8.

1 **Q. IS THE SITUATION OF SWPL ENERGY SUFFICIENTLY SIMILAR TO**
2 **THAT OF MOHAVE PARTICIPANT ENERGY TO SUBSTANTIATE SCE'S**
3 **CLAIMS OF UNDUE DISCRIMINATION?**

4 A. No. There is a significant difference between SWPL Energy and Mohave
5 Participant Energy. While Mohave Participant Energy originates inside the
6 ISO Control Area, and is then exported to serve Load outside the Control
7 Area through a dynamic schedule, the complexities of this Energy are
8 substantial. Although the generation is dynamically scheduled, that just
9 means that the interchange schedules between Control Areas is updated in
10 real-time. The ISO still has Control Area responsibility for the generation and
11 transmission system. Indeed, the ISO is responsible for transporting the
12 Energy from the Mohave Generation Plant to the Mead Substation for Salt
13 River Project and Nevada Power Company and to the McCullough Substation
14 for LADWP. SCE schedules the Mohave output as generation and exports in
15 the ISO's Scheduling Infrastructure, in the Day-Ahead and Hour-Ahead
16 markets. Then the dynamic schedule updates the hour-ahead schedule in
17 real-time but the final Hour-Ahead schedule is pushed to settlements as a
18 deviation. This deviation requires the ISO to manually reconcile the Control
19 Area meter values after the fact and represents a significant workload to both
20 the Operations and Settlements staff.

21

22 SWPL Energy, on the other hand, is a "Wheeled Through" transaction that is
23 deemed delivered and is the responsibility of the originating Control Area and

1 the destination Control Area. That is to say, the Energy both originates and
2 serves Load outside of the ISO Control Area. Thus, the two sets of
3 transactions involve different considerations for purposes of assessment of
4 the CAS component of the GMC.

5

6 **Q. MR. MINICK ARGUES THAT THE FACT THAT SWPL ENERGY**
7 **ORIGINATES OUTSIDE THE ISO CONTROL AREA IS AN INSUFFICIENT**
8 **BASIS TO DISTINGUISH ITS TREATMENT FROM THAT OF MOHAVE**
9 **PARTICIPANT ENERGY. EXH. NO. SCE-20 AT 6-7. IS THIS THE CASE?**

10 A. No. SWPL Energy is designated as a "Wheel Through" Energy type in the
11 ISO's Scheduling Infrastructure. This means that the import and export are
12 balanced and the quantity is deemed delivered to the ISO Control Area, and
13 out again. If the transaction is not balanced, then the ISO just rejects the
14 schedule automatically. The amount of workload that the two transactions
15 place on the ISO is significantly different and warrants different treatment.

16

17 **Q. MR. MINICK CLAIMS THAT THE BASIS FOR THE ISO'S**
18 **DETERMINATION TO EXEMPT SWPL ENERGY FROM THE CAS WAS**
19 **THAT THE SWPL TRANSACTIONS WERE EXEMPT UNDER THE GMC**
20 **SETTLEMENT THAT PRECEDED THE NOVEMBER 1, 2000**
21 **UNDBUNDLED GMC FILING. EXH. NO. SCE-20 AT 9-10. IS THIS TRUE?**

22 A. Absolutely not. Mr. Minick has misinterpreted the August 4, 2000 letter from
23 the ISO to SDG&E explaining its treatment of SWPL Energy under the

1 unbundled GMC. This letter was included with the Cross-Answering
2 Testimony of S. A. Yari on behalf of SDG&E as Exh. No. SDO-6.

3
4 In the August 4, 2000 letter, the ISO stated that it shared “SDG&E’s
5 reservation as to whether it is appropriate to apply the GMC” to SWPL
6 Energy. It did not say that it agreed with the basis for SDG&E’s reservation,
7 nor was the basis for SDG&E’s reservation described in the letter. The letter
8 characterizes SDG&E’s concern that it would be charged once the GMC
9 Settlement expired. That is not a basis for a reservation as to whether SWPL
10 Energy should be assessed the GMC, but merely a basis for believing that
11 SWPL Energy would be assessed. In other words, the letter describes
12 SDG&E’s concern that it would be charged the unbundled GMC for SWPL
13 Energy; it did not describe why SDG&E thought it should not be charged. Nor
14 did the ISO explain in the letter why SWPL Energy would not be assessed for
15 Control Areas Services or Inter-Zonal Scheduling – it merely stated that this
16 would be the case. SCE’s interpretation of the letter as somehow stating that
17 the ISO would continue exempting SWPL Energy because it had been
18 exempted under the Settlement is more than a stretch – this alleged “basis”
19 for the ISO’s decision to exempt SWPL Energy simply is not found in the
20 letter referenced.

21
22 Moreover, as I noted in my Rebuttal Testimony (Exh. No. ISO-34 at 12-13),
23 the past treatment of both Mohave Participant Energy and SWPL Energy was

1 based on a Settlement Agreement. The GMC Settlement Agreement
2 expressly prohibits any party from using the settlement terms for precedential
3 purposes, and thus has absolutely no bearing on how such assessment
4 should be determined going forward under the unbundled GMC being
5 proposed in this proceeding.

6

7 **Q. WHAT WOULD THE ISO POSITION BE IF THE JUDGE DOES NOT FIND**
8 **THAT THE DISTINCTION BETWEEN SWPL AND MOHAVE WARRANTS**
9 **DIFFERING TREATMENT?**

10 A. Both Mohave and SWPL benefit from the Control Area Services provided by
11 the ISO, including but not limited to insuring adherence to regional and
12 national reliability standards; monitoring and developing transmission
13 maintenance standards; performing operational studies and system security
14 analyses; conducting system planning to ensure overall reliability; integrating
15 with other Control Areas; providing emergency management; and
16 transmission planning. If the Judge does not find the differing treatment to be
17 warranted, then both Mohave Participant Energy and SWPL Energy should
18 pay the CAS component of the GMC, as services are being provided and
19 have been provided by the ISO to such Energy.

20

21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 A. Yes, it does.