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FEDERAL ENERGY
REGULATORY COMMISSION

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

**San Diego Gas & Electric Company,)
Complainant,)**

Docket No. EL00-95-045

v.)

**Sellers of Energy and Ancillary Services)
Into Markets Operated by the California)
Independent System Operator and the)
California Power Exchange,)
Respondents.)**

**Investigation of Practices of the California)
Independent System Operator and the)
California Power Exchange)**

Docket No. EL00-98-042

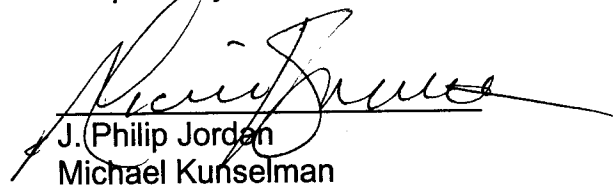
**RESPONSE OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO DYNEGY'S MOTION TO LODGE ORDER
ISSUED IN DOCKET NOS. ER01-889, ET AL.**

On November 27, 2002, Dynegy Power Marketing, Inc., El Segundo Power LLC, Long Beach Generation LLC, Cabrillo Power I LLC, and Cabrillo Power II LLC (collectively, "Dynegy") filed a motion to lodge in the above-captioned proceeding an order issued by the Commission on November 25, 2002 in Docket Nos. ER01-889, et al. ("November 25 Order").¹ Dynegy maintains that the Commission's ruling in that order disposes of one of the issues raised by Dynegy in its testimony and post-trial briefs; namely, whether the ISO "mistreated certain payments received from CDWR for purchases it made on behalf of the IOUs during January 2001."

¹ California Independent System Operator Corporation, 101 FERC ¶ 61,241 (2002).

The ISO does not object to lodging of the November 25 Order in this docket (or to the Presiding Judge's taking notice of it). The ISO does make a couple of observations, however. First, contrary to any implication that might arise from Dynegy's citation of the November 25 Order after stating that the effect of the ISO's mistreatment of CDWR payments was to "short" Dynegy some \$29.6 million, the Commission did not make such a finding. In the passage cited by Dynegy, the Commission was simply recounting *Dynegy's characterization* of the effect. See November 25 Order at 7. The actual consequences to Dynegy and others will only be determined once the ISO applies the CDWR payments as required by the Order. Second, the November 25 Order may be subject to rehearing requests from one or more parties. Finally, there is no reason for the Presiding Judge to accept Dynegy's invitation to repeat the Commission's direction to the ISO in the November 25 Order. When the time comes for the ISO to rerun its settlement and billing system, to determine "final" refund amounts, and to provide the cash positions for all Scheduling Coordinators, it will do so based on records that comply with *all* Commission orders issued up to that point, including the November 25 Order and any subsequent orders in that Docket. No good reason exists to single out for special attention the one issue involved in the November 25 Order, among the many that could affect that final accounting.

Respectfully submitted,



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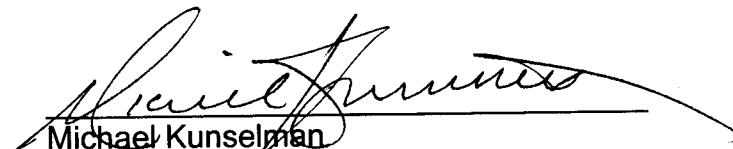
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Dated: December 5, 2002

CERTIFICATE OF SERVICE

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

Dated at Washington, D.C. on this 5th day of December, 2002.


Michael Kunselman
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