

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

California Independent System Operator) Docket Nos. ER06-1360-000
Corp.)
)

**SOUTHERN CALIFORNIA EDISON COMPANY’S MOTION FOR LEAVE TO
ANSWER AND ANSWER**

Pursuant to Rule 213 of the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) Rules of Practice and Procedure (18 C.F.R. § 385.213(a) (2005)), Southern California Edison Company (“SCE” or “Edison”) hereby submits this Motion for Leave to Answer and Answer to the Protest of the M-S-R Public Power Agency, the Modesto Irrigation District, the City of Santa Clara, California and the City of Redding, California (“M-S-R’s Protest”) and the Motion to Intervene and Comments of the City of Los Angeles Department of Water and Power (“LADWP’s Comments”). As the discussion below reveals, the LADWP Comments and the M-S-R Protest do not concern any of the major components of the Transmission Control Agreement (“TCA”) filing, and should not in any way impede or delay the approval of that filing by the Commission. The LADWP Comments can be resolved by agreement of the parties (as explained below) and the M-S-R Protest is based more on concerns with the “impression that may be left” as the result of the revisions to one of the TCA Appendices than with

the substantive impacts of the proposed revision. As such, the Commission should promptly approve the CAISO filing.

I. MOTION FOR LEAVE TO ANSWER

Rule 213(a)(2) of the Commission’s regulations normally prohibits answers to interventions. However, the Commission has made it clear that it will waive this rule and allow answers when they ensure a complete and accurate record in the case.¹ The Commission also permits such responses where, as here, the information provided will aid in the Commission’s understanding and resolution of the issues raised by a protest.² Because M-S-R’s Protest is based on an erroneous interpretation of the TCA and provisions of the California Independent System Operator Corporation Tariff (“CAISO Tariff”), SCE respectfully requests that the Commission consider this response to aid in its resolution of the controversy.

II. BACKGROUND

On August 11, 2006, the California Independent System Operator Corporation (“CAISO”) filed an amendment to the TCA among the CAISO and the Participating Transmission Owners (“Participating TOs”).³ As explained by the CAISO, the TCA

¹ See, e.g., *Delmarva Power & Light Co.*, 93 FERC ¶ 61,098 at 61,259 (2000) (allowing answers to a protest in order to “insure a complete and accurate record”); *Northern Natural Gas Co.*, 91 FERC ¶ 61,212 at 61,767 (2000) (allowing an answer to a protest “to achieve a complete and accurate record”).

² See, e.g., *Carolina Power & Light Co.*, 94 FERC ¶ 61,032 at 61,068 (2000) (allowing an answer to protests where the answer would assist in the Commission’s “understanding and resolution of the issues raised”); *El Paso Natural Gas Co.*, 56 FERC ¶ 61,038, at 61,139 (1991) (explaining that the utility conceded “that the Commission in its discretion may accept an answer to a request for rehearing in order to have a more complete record on which to base its decision,” and allowing the answer because it “will not delay the proceeding or otherwise prejudice any party”). To the extent necessary, SCE requests waiver of Rules 213(a)(2) and 713(d)(1).

³ Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, Appendix A to the CAISO Tariff.

filing in this docket was primarily made to amend the TCA to add Trans Bay Cable as a New Participating TO, and related issues surrounding that amendment. CAISO Filing Letter, at 6-7. The parties to the TCA, however, also identified various other provisions of the TCA that needed to be updated and revised. Among such revisions are certain changes to Appendices A and B of the ISO Tariff – Appendices that essentially reflect the facilities and Entitlements turned over by each PTO to the CAISO Operational Control and the associated Encumbrances – including changes to SCE’s Appendices A and B to the TCA. No protests were made by any party with respect to the vast bulk of the TCA revisions proposed by the CAISO. There was, however, one protest and one set of comments filed with respect to the changes made to SCE’s Appendix B and SCE’s Appendix A.2.

First, LADWP in its comments requested that certain corrections be made to more accurately reflect the agreements between LADWP and SCE. Specifically, LADWP requests that in Appendix A-2, “Edison’s Contract Entitlements,” the CAISO add “or Pacific AC Intertie Agreement Termination on July 31, 2007” to the contract termination date of the Los Angeles-Edison Exchange Agreement (Contract Number 4 on Appendix A-2). LADWP seeks this change to reflect the fact that there are two potential contract termination dates. Also in Appendix A-2, LADWP requests that the word “two” be replaced with “three” for the City-Edison Sylmar Interconnection Agreement (Contract Number 8 on Appendix A-2), in order to reflect that LADWP now has three regulating transformers at Sylmar. Finally, on Appendix B of the TCA, LADWP requests that a

correction be made to the termination date on two Encumbrances (Numbers 8-9 on Appendix B) to reflect a six month extension of those contracts, through January 1, 2007.

Second, M-S-R protested one of the revisions to SCE's Appendix B of the TCA – the revision that replaced the term “bi-directional” with the term “south to north” in the description of the service provided under the Firm Transmission Service Agreement (Victorville/Lugo-Midway) between M-S-R and SCE (“M-S-R Agreement”) (*See* Attachment 2, CAISO TCA Filing at p. 178). M-S-R disagrees with this proposed revision.

III. ANSWER

As to the corrections proposed by LADWP to SCE's Appendices A.2 and B, SCE has no objections to such proposed corrections, and would not oppose any CAISO filing making such corrections.

As to M-S-R's allegation that the term “bi-directional” should not be changed to “south to north” in SCE's Appendix B of the TCA, such allegation lacks substance. The change made to Appendix B is intended to reflect the existing terms of the M-S-R Agreement in a manner that is more consistent with the current CAISO Tariff. Certainly, the contested Appendix B change does not revise, breach or place in dispute the underlying terms the M-S-R Agreement. M-S-R concedes as much in its filing by noting that “[t]he terms of the M-S-R FTS Agreement are not in dispute. . . . The parties to the contract (M-S-R and SCE) agree that there has not been a modification to the contract.” M-S-R Protest at p. 9 n.7. Indeed, both the CAISO and SCE have informed M-S-R that

the change to the description of the M-S-R Agreement in the TCA neither changes nor modifies any provision of the M-S-R Agreement in any manner.

The gist of M-S-R's Protest, therefore, appears to be the concern that as the result of the change to the description of the M-S-R Agreement in Appendix B "the impression may be left that the ISO has abrogated [a] term of the Existing Contract" and it may "appear" that M-S-R's contractual rights have been changed. M-S-R protest at p. 11. Such vague concerns about possible impressions and appearances do not provide a cognizable legal basis to contest necessary revisions to the TCA. That is particularly true in view of M-S-R's admissions, as quoted above, that the proposed revisions to Appendix B do not in actuality have any substantive impact on the M-S-R Agreement.

The description of the M-S-R Agreement in Appendix B was changed in order to reflect the parties' convention not to include anything other than firm obligations under Existing Contracts in the **descriptions** of contracts that constitute Encumbrances. The M-S-R Agreement is properly listed as an Encumbrance on Appendix B, and M-S-R has no right to dictate how such agreement shall be described by the parties in the Appendix. An "Encumbrance" under the CAISO Tariff is:

A legal restriction or covenant binding on a Participating TO that affects the operation of any transmission lines or associated facilities **and** which the [CA]ISO **needs to take into account in exercising Operational Control** over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (1) other legal restrictions or covenants meeting the definition of Encumbrance and arising under other arrangements entered into before the [CA]ISO Operations Date, if any; and (2) legal restrictions or covenants meeting the definition of Encumbrance and arising under a contract or

other arrangement entered into after the [CA]ISO Operations Date.

CAISO Tariff, Appendix A, Master Definitions Supplement (emphasis added).

The definition of an “Encumbrance” thus includes a restriction or covenant that affects the operation of transmission lines or associated facilities and which the CAISO must take into account when exercising Operational Control over such transmission lines. M-S-R does not have the right to **firm** transmission service in the north to south direction. The M-S-R Agreement does provides for “as available” interruptible (non-firm) service in the north to south direction, but this “as available” service need not be taken into account by the CAISO when exercising Operational Control over the CAISO Controlled Grid. *See, e.g., Edison’s Proposed Treatment of Existing Contracts*, filed in Docket No. EC96-19-000, March 31, 1997, at p. 7, “Non-Firm Transmission Service.”

M-S-R argues that the revisions to the description of the terms of the M-S-R Agreement in Appendix B conflicts with the CAISO Tariff. Specifically, M-S-R argues that the description of the M-S-R Agreement must include the term “bi-directional” because the CAISO Tariff definition of Encumbrances “shall include Existing Contracts”. That argument is unavailing because the M-S-R Agreement is and remains appropriately listed as an Encumbrance on Appendix B. The definition of “Encumbrance” does not detail how such contracts shall be described, and the CAISO has not violated any CAISO Tariff provision by agreeing to clarify in Appendix B of the TCA that the only firm service obligation (i.e., the only obligation under the M-S-R Agreement that the CAISO must take into account in order to exercise Operational Control) is in the south to north direction. Because the interruptible (non-firm) transmission service is not an operating

consideration for the CAISO, the parties to the TCA have concluded that it should not be included in the description of the M-S-R Agreement in Appendix B of the TCA, and M-S-R has pointed to no contrary requirement.

In sum, there are no viable disputes regarding SCE's TCA Appendices and such Appendices should, along with the rest of the CAISO filing, be promptly approved by the Commission.

IV. CONCLUSION

For all of the foregoing reasons, SCE respectfully requests that the Commission promptly approve the ISO's TCA filing with the revisions requested by LADWP.

Respectfully submitted,

ELLEN A. BERMAN

// Ellen Berman //

By: [Ellen A. Berman](#)

Attorney for
SOUTHERN CALIFORNIA EDISON COMPANY

[September 15, 2006](#)

CERTIFICATE OF SERVICE

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

Dated at Rosemead, California, this 15th day of September, 2006.

// Cecilia R. Jones //
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