136 FERC ¶ 61,197
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

California Independent System Operator Corporation Docket Nos. ER04-835-008

Pacific Gas and Electric Company

EL04-103-003
v. (consolidated)

California Independent System Operator Corporation

ORDER DENYING REHEARING

(Issued September 16, 2011)

1. On November 20, 2007, the Commission issued an order that, among other things, granted rehearing of Opinion No. 492[1] regarding the categorization of the South of Lugo Transmission Path (South of Lugo) for purposes of allocating minimum load compensation costs under the California Independent System Operator Corporation's (CAISO) open access transmission tariff.[2] In granting rehearing, the November 2007 Order found that the constraint on South of Lugo should be categorized as a zonal, rather than a local, constraint.[3] The effect of this decision is that minimum load compensation cost responsibility associated with the CAISO must-offer obligation would not be allocated entirely to the local load serving entity, Southern California Edison Company (SoCal Edison). Instead, CAISO will allocate cost responsibility to a number of load

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[1] *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,348 (2006) (Opinion No. 492) (affirming in part and reversing in part an initial decision resolving issues related to the allocation of must-offer obligation costs in the California Independent System Operator Corporation's (CAISO) Amendment No. 60 to its open access transmission tariff). *See also Cal. Indep. Sys. Operator Corp.*, 113 FERC ¶ 63,017 (2005) (Initial Decision).

[2] *Cal. Indep. Sys. Operator Corp.*, 121 FERC ¶ 61,193 (2007) (November 2007 Order).

[3] *See* November 2007 Order, 121 FERC ¶ 61,193 at P 25-26.

serving entities that are located in the SP-15 zone, including SoCal Edison. The Cities of Anaheim, Azusa, Banning, Colton, and Riverside, California (collectively, Southern Cities) filed a request for rehearing of the November 2007 Order.[4] As discussed herein, we deny rehearing.

I. Background and November 2007 Order

2. In its Amendment No. 60 filing, CAISO proposed to modify certain payment terms and the allocation of must-offer costs in a manner more consistent with cost causation principles by establishing a "bucket" rate design. Under this design, CAISO would allocate minimum load compensation costs to one of three buckets depending on whether CAISO has committed must-offer generation primarily to satisfy local, zonal, or system reliability requirements.

3. Attachment E to the Amendment No. 60 filing proposed guidelines for classifying must-offer units as being committed or operated for local, zonal, or system reliability requirements.[5] For example, Attachment E states that a unit will be classified in the local reliability bucket when it is committed or operated to: (1) maintain power flows on a transmission component that is not part of a transmission path between congestion zones, (2) maintain acceptable voltage levels at a network location that is not part of a transmission path between congestion zones, or (3) accommodate the forced or scheduled outage of a network component that is not part of a transmission path between congestion zones. Attachment E also provides that a unit will be classified in the zonal bucket when it is committed or operated to: (1) maintain operations within the requirements of any nomogram[6] that governs the operations of an inter-zonal transmission path(s), (2) maintain power flows on a transmission line that is part of a transmission path between congestion zones, (3) maintain acceptable voltage levels at a location that is part of a transmission path between congestion zones, (4) accommodate the forced or scheduled outage of a network component that is part of a transmission path between congestion zones, or (5) provide ancillary services within a particular zone, if CAISO is procuring

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[4] For procedural history, *see id.* P 2-8.

[5] *See* Amendment No. 60 Filing, Attachment E at 1, Docket No. ER04-835-000, (May 11, 2004).

[6] In CAISO's tariff, Master Definitions, a nomogram is defined as a set of operating or scheduling rules that are used to ensure that simultaneous operating limits are respected, in order to meet North American Electric Reliability Corporation and Western Electricity Coordinating Council operating criteria.

ancillary services on a zone-by-zone basis. CAISO did not propose that Attachment E be part of the package of Amendment No. 60 tariff revisions.[7]

4. Following an evidentiary hearing, the presiding judge's Initial Decision generally found Amendment No. 60 to be just and reasonable with certain exceptions.[8] Opinion No. 492 affirmed the Initial Decision for the most part, including the Initial Decision's finding that South of Lugo should be categorized as a local constraint rather than a zonal constraint. Opinion No. 492 also found that South of Lugo's operating characteristics and the CAISO's relevant Operating Procedures confirmed that South of Lugo should be classified as a local constraint.

5. SoCal Edison sought rehearing of Opinion No. 492, arguing that the Commission should have classified South of Lugo as a zonal constraint. SoCal Edison asserted that the failure to classify South of Lugo as a zonal constraint would lead to an unjust and unreasonable result, because all CAISO grid users in southern California cause South of Lugo's costs, and all such users benefit from CAISO's must-offer calls that relieve the constraint.

6. In the November 2007 Order, the Commission granted rehearing on the classification issue, finding that, although South of Lugo did not satisfy the inter-zonal interface definition in Attachment E, its actual operational characteristics indicated that it provides regional reliability benefits that are more consistent with a zonal constraint.[9] The Commission also found that: (1) Southern Cities contribute to constraints on South of Lugo, and for this reason, the resolution of constraints on the South of Lugo path provides a regional benefit to Southern Cities' load; (2) South of Lugo is associated with multiple 500 kV transmission paths, which is consistent with classification as a zonal constraint; (3) loads and generation of San Diego Gas & Electric Company (SDG&E) and other load serving entities in the SP-15 zone affect power flows over South of Lugo; and (4) South of Lugo has significant regional impacts on more than one participating transmission owner.[10] The Commission further found that the most current CAISO

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[7] We later directed CAISO to submit a compliance filing incorporating Attachment E into its tariff. *See* Opinion No. 492, 117 FERC ¶ 61,348 at P 25.

[8] *See, e.g.*, Initial Decision, 113 FERC ¶ 63,017 at P 60-62.

[9] November 2007 Order, 121 FERC ¶ 61,193 at P 25.

[10] *Id*. (citing Initial Decision, 113 FERC ¶ 63,017 at P 95).

operating procedure for South of Lugo, Operating Procedure T-144, Version 4.4, supported categorizing South of Lugo as a zonal constraint.[11]

II. Rehearing Request

7. Southern Cities' rehearing request centers around three essential points: (1) the November 2007 Order did not provide a reasoned explanation for the Commission's reversal of its prior determination that South of Lugo should be classified as a local constraint; (2) the November 2007 Order erred in adopting a classification of the South of Lugo constraint that is inconsistent with the Attachment E criteria; and (3) the November 2007 Order ignored evidence that supported the classification of the South of Lugo constraint as a local constraint.[12]

8. Southern Cities allege that the Commission relied on broad assertions of regional benefits that had been rejected by the presiding judge without explanation.[13] Southern Cities claim that the very nature of a "regional benefits" concept would result in arbitrary and unpredictable allocations of minimum load compensation cost responsibility. As an example, Southern Cities note that, although they, like most entities, benefit from the absence of contingency events (such as massive voltage collapse) in the Los Angeles basin, this benefit does not provide a systematic, equitable basis for cost allocation because all CAISO grid users (and entities outside the CAISO control area) benefit to an immeasurable degree from the maintenance of grid reliability. Southern Cities also point to testimony indicating that everyone in the zone and outside in the West benefits to some extent from maintaining high levels of reliability and relieving the South of Lugo constraint.[14] Southern Cities add that the record shows that regional benefits do not provide a basis for distinguishing the benefits received by mitigating the South of Lugo constraint from those received by mitigating other SP-15 intra-zonal constraints that CAISO currently considers local.[15]

9. Further, Southern Cities argue that the November 2007 Order failed to justify the modification of its conclusion in Opinion No. 492 that the "operational characteristics" of

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[11] *Id*. P 26.

[12] Rehearing Request at 6-7 (citing *Permian Basin Area Rate Cases*, 390 U.S. 747, 792 (1968); *Greater Boston Television Corp. v. FERC*, 444 F.2d 841, 852 (D.C. Cir. 1970)).

[13] *Id.* at 11-12 (citing Initial Decision, 113 FERC ¶ 63,017 at P 91).

[14] *Id.* at 13 (citing Tr. 1535-36; Tr. 237; Tr. 240-41 (Protected)).

[15] *Id.* at 13-14 (citing Ex. ISO-22 at 25-26; Tr. 596; Tr. 496-97).

the South of Lugo constraint "demonstrate that it should be characterized as a local constraint," instead finding that "actual operational characteristics [of South of Lugo] indicate that it provides regional reliability benefits that are more consistent with a zonal constraint."[16] Southern Cities further assert that, without explanation, the November 2007 Order concludes that South of Lugo is similar to the Miguel Transformer Bank, even though Opinion No. 492 distinguished the critical characteristics of the associated constraint from the South of Lugo constraint.

10. Southern Cities argue that classification of South of Lugo as a zonal constraint is inconsistent with the Attachment E classification criteria that the Commission continues to endorse.[17] Southern Cities contends that the Commission disregarded evidence of South of Lugo's operational characteristics that support classifying the constraint as a local constraint. In particular, Southern Cities point to the operating characteristics enumerated in the Initial Decision[18] and its conclusion that South of Lugo: (1) does not implicate transmission paths between congestion zones; (2) constitutes a network location where must-offer generation is used to maintain acceptable voltage levels; and (3) does not operate within the requirements of any nomogram governing the operations of an inter-zonal transmission path. Southern Cities argue that the November 2007 Order fails to acknowledge this evidence, much less explain why it should be overridden.

11. Southern Cities also challenge the other operating characteristics upon which the Commission relies for diverging from the Attachment E criteria. In particular, they argue that, although the Commission points to testimony asserting that loads and generation of SDG&E and other load serving entities in the SP-15 zone affect power flows over South of Lugo, it did not acknowledge or address record evidence that the constraint arises primarily from voltage stability concerns and not power flows approaching thermal limits. Southern Cities contend that the record compels the conclusion that the approximately $40.4 million that CAISO incurred during the June through October 2004 period to mitigate the South of Lugo constraint was necessary to provide voltage support on South of Lugo. Southern Cities add that the record establishes that there is no meaningful difference between the voltage support provided by must-offer waiver denials for South of Lugo and voltage support provided under the CAISO Tariff pursuant to reliability must-run contracts, whose costs are charged to the participating transmission owner in whose territory the reliability must-run unit is located. Southern Cities claim that a local classification for South of Lugo is supported not only by the interrelationship between South of Lugo minimum load compensation costs and reliability must-run costs,

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[16] *Id.*

[17] *Id.* at 9 (citing November 2007 Order, 121 FERC ¶ 61,193 at P 17).

[18] *Id.* at 11 (citing Initial Decision, 113 FERC ¶ 63,017 at P 91).

but also by the interrelationship between South of Lugo minimum load compensation costs and the local reliability costs incurred under CAISO Operating Procedure M-438.

12. Finally, Southern Cities argue that the Commission's reliance upon version 4.4 of CAISO Operating Procedure T-144 to support the zonal characterization is misplaced. First, Southern Cities point to the presiding judge's finding that CAISO had provided no support for applying version 4.4, which modified provisions that had been in place for five years and supported a local characterization for the South of Lugo constraint.[19] Second, Southern Cities note that the presiding judge found that version 4.4 should not be considered without supporting CAISO engineering studies or analysis.[20] Southern Cities assert that the Commission was incorrect in determining that CAISO did not need to support version 4.4 with engineering studies, analysis, calculations, or other documentation. Southern Cities argue that the Commission reached this conclusion without explanation, despite what Southern Cities asserts is "the clear potential that CAISO's revisions simply were designed to support its *ad hoc* departure from the Attachment E criteria in classifying the South of Lugo constraint rather than to reflect a real change in operational concerns."[21]

III. Commission Determination

13. We affirm the November 2007 Order's determination that the South of Lugo constraint is a zonal constraint and therefore deny rehearing. Specifically, we disagree with Southern Cities that the November 2007 Order failed to provide a reasoned explanation for reversing the Commission's findings regarding South of Lugo in Opinion No. 492. Similarly, we find that the November 2007 Order reasonably found that South of Lugo should be classified as a zonal constraint, a determination supported by the record evidence. Our conclusion is supported by reviewing the actual operational characteristics of South of Lugo. In so finding, we recognize the difficulties inherent in such an evaluation. Notwithstanding these difficulties, the Commission is tasked with ensuring that the appropriate classification of the constraint associated with South of Lugo, is just and reasonable. As discussed herein, we find that it is just and reasonable to classify South of Lugo as a zonal constraint rather than as a local constraint.

14. Although the Initial Decision and Opinion No. 492 concluded that the South of Lugo constraint satisfied the Attachment E local criteria, we granted rehearing in the

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[19] *Id.* at 17-18 (citing Initial Decision, 113 FERC ¶ 63,017 at P 91 n.55).

[20] *Id.* at 7-8 (citing Initial Decision, 113 FERC ¶ 63,017 at P 91 n.55), 17 (citing November 2007 Order, 121 FERC ¶ 61,193 at P 26).

[21] *Id.* at 18.

November 2007 Order. We disagree with Southern Cities that the November 2007 Order failed to provide a reasoned basis for our decision to grant rehearing. Specifically, as noted above, the November 2007 Order found that the record indicated that: (1) resolution of constraints on South of Lugo provided a regional benefit to Southern Cities' loads and that Southern Cities contribute to constraints on South of Lugo; (2) South of Lugo is associated with multiple 500 kV transmission paths; (3) loads and generation for SDG&E and other load serving entities in the SP-15 zone impact power flows on South of Lugo; and (4) South of Lugo has significant impacts on more than one participating transmission owner.[22] We also found that version 4.4 of CAISO's T-144 operating procedure also supported classifying South of Lugo as a zonal constraint.[23]

15. Further, we provide additional details on how we reached the conclusion to grant rehearing. In the November 2007 Order, the Commission explained that the record evidence supported the zonal classification.[24] Our examination of that evidence revealed that the dispatch of must-offer generating units to relieve the South of Lugo constraint provides zonal benefits and, therefore, that the Initial Decision and Opinion No. 492 incorrectly concluded that the constraint should be classified as local under Attachment E criteria. The November 2007 Order's conclusion is also consistent with cost causation principles, because cost responsibility associated with the dispatch of must-offer generating units is allocated to the entities that cause those costs to be incurred.[25] We find that those costs should not fall solely on SoCal Edison, but rather on all entities that cause those costs and that receive the zonal benefits associated with the dispatch of must-offer generating units to relieve the South of Lugo constraint. The record evidence supports this conclusion, as discussed below. To allocate these costs solely to SoCal Edison when other load serving entities that are also located in the SP-15 zone benefit from relieving the constraint would be inconsistent with these principles.

16. The record evidence is compelling. The evidence shows that South of Lugo provides benefits through its three 500 kV transmission lines that bring approximately 5,100 MW of power into southern California to serve load for both Utility Distribution

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[22] *See* November 2007 Order, 121 FERC ¶ 61,193 at P 25.

[23] *Id.* P 26.

[24] *See id.* P 25.

[25] *See, e.g.*, *Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1368 (D.C. Cir. 2004) (stating that the cost causation principle requires that "all approved rates reflect to some degree the costs actually caused by the customer who must pay them.") (quoting *KN Energy, Inc. v. FERC*, 968 F.2d 1295, 1300 (D.C. Cir. 1992)).

Companies and Metered Subsystems.[26] Thus, SoCal Edison is not the only load serving entity that benefits from South of Lugo. The evidence also indicates that Southern Cities import the vast majority of the power they use to serve load from outside the SP-15 zone and are indistinguishable from SoCal Edison's load in this regard.[27] As SoCal Edison's witness explained, "the loads of the cities of Anaheim, Azusa, Banning, Colton, and Riverside are located in the Los Angeles basin and are thus embedded in the middle of the SCE [SoCal Edison] retail Service Area."[28] Indeed, Southern Cities conceded that they benefit from South of Lugo "[i]n the sense that overloads or outages on transmission lines in SP15 affect the ability of all entities in SP15 to import power . . . ."[29] Southern Cities' witness argued that "[t]he problem is not imports, *per se*; rather the problem is a lack of local generation to support imports."[30] However, this qualifier does not diminish the essential fact that relieving the South of Lugo constraint benefits Southern Cities (and others) in addition to SoCal Edison serving load within their own territories.

17. Therefore, we agree with SoCal Edison that the loads of both SoCal Edison and Southern Cities cause power flows over the South of Lugo constraint and that "[t]here is simply no meaningful distinction between the loads of these Cities and the SCE retail loads when it comes to transmission reliability associated with these paths," including South of Lugo.[31] We also agree with CAISO that "[t]he network facilities affected by these constraints both bring power into the SP15 Zone and transfer power between Participating TO service areas within the SP15 Zone. These network facilities are not primarily involved with bringing power into one particular Participating TO's Load center."[32] This record evidence helps support our conclusion that Southern Cities' loads

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[26] *See* November 2007 Order, 121 FERC ¶ 61,193 at P 25; *see also* Ex. S-37 (responding to data request, CAISO admits that "the level of loads in the Anaheim, Riverside, Pasadena, Vernon, Azusa, Banning, and Colton service areas affects flows on south-of-Lugo, so that higher loads for those municipalities lead to higher flows on the south-of-Lugo path."); Ex. ISO-22 at 25; Ex. SCE-12 at 2-3 (protected); Ex. S-16 at 2-3 (protected).

[27] *See* Ex. S-37; Ex. SCE-6 at 9-11; Tr. 1387-88.

[28] Ex. SCE-6 at 11.

[29] Ex. SOC-42 at 6.

[30] *Id.* at 7.

[31] Ex. SCE-6 at 10-11.

[32] Ex. ISO-22 at 25-26.

benefit from SP-15 zonal minimum load cost incurrence in the same manner as SoCal Edison's loads, because both benefit from the reliable operation of South of Lugo. Because this evidence supports classifying the South of Lugo constraint as zonal, we disagree with Southern Cities' claim that making such a finding negates any transparency or objectivity in the application of the Attachment E criteria or that we erred in finding that the constraint should not be classified as a local constraint under Attachment E. Additionally, the zonal benefits provided by relieving the South of Lugo constraint discussed above supports treating this constraint similarly to the constraint associated with the Miguel Transformer Bank, which had been classified as a zonal constraint in the Initial Decision and affirmed in Opinion No. 492.[33] Therefore, given the size of South of Lugo and the diverse markets affected by this path, the Commission concludes that this is consistent with a zonal rather than a local constraint.

18. Southern Cities argue that the November 2007 Order introduced a regional benefits concept, which they claim would lead to arbitrary results. In support, Southern Cities state that, on cross-examination during hearing, CAISO witness McIntosh acknowledged that, to some extent, all transmission facilities would cause zonal costs under the description provided for South of Lugo and that he could not think of any costs that would be classified as local under the rationale for distinguishing the South of Lugo constraint from other intra-zonal constraints. We disagree with the premise of Southern Cities' contention. We are focused here on whether the constraint associated with South of Lugo should be classified as a local or a zonal constraint. To make this determination, the Commission must look at the actual operational characteristics of South of Lugo, the beneficiaries of that transmission path and, consequently, those that benefits from relieving the constraint associated with it. The record evidence cited in the November 2007 Order and discussed herein demonstrates that SoCal Edison and other load serving entities enjoy the benefits associated with South of Lugo, and that those benefits are not limited to preventing voltage collapse in the Los Angeles basin. Contrary to Southern Cities' assertion, these findings do not amount to a vague standard; rather, we find that the evidence shows that South of Lugo should be classified as a zonal constraint for the reasons described herein.

19. We further find that Southern Cities have not demonstrated that the record evidence supports classification of the South of Lugo constraint as a local constraint. Southern Cities point to costs incurred by CAISO in June through October 2004 in mitigating the South of Lugo constraint as being necessary to provide voltage support on South of Lugo. Regardless of whether the cost was incurred to provide voltage support,

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[33] *See* Initial Decision, 113 FERC ¶ 63,017 at P 90; Opinion No. 492, 117 FERC ¶ 61,348 at P 31. Southern Cities did not seek rehearing of this determination. *See* Rehearing Request at n.2.

our task in this proceeding is to evaluate the benefits of such costs in order to determine the appropriate allocation. We therefore conclude, consistent with CAISO witness McIntosh, that where a unit must be committed to relieve congestion or maintain acceptable voltages on inter-zonal paths, allocating those costs to one particular participating transmission owner is not equitable where more than one participating transmission owner benefits. The flow of energy on these circuits can come from many remote generation sources and ultimately be destined for use in the service area of more than one participating transmission owner.[34] On that basis, whether the constraint on South of Lugo is related primarily to voltage issues does not provide a compelling reason to categorize South of Lugo as local constraint.

20. We also find unavailing Southern Cities' contention that South of Lugo presents a local reliability issue. Regardless of whether local reliability issues exist, and regardless of whether generating units had been dispatched to address local reliability issues, the fact remains that the dispatch of must-offer units to relieve the South of Lugo constraint is consistent with a zonal classification. If the dispatch of must-offer generating units helped address local reliability issues, we find that is incidental to the fact that relieving this constraint provides zonal benefits that should not be paid for solely by SoCal Edison. For these reasons, we disagree with Southern Cities that we ignored evidence supporting the classification of the South of Lugo constraint as local. We considered the proffered evidence, but find that it is not compelling in face of the evidence indicating that the constraint is appropriately classified as zonal.

21. Southern Cities also complain that the November 2007 Order inappropriately applied version 4.4 of CAISO's T-144 operating procedure rather than version 4.3 to support its finding. We are not persuaded by Southern Cities' arguments. Regardless of which version is applicable, we continue to find that zonal classification of South of Lugo is the appropriate measure based on the record evidence of benefits from the dispatch of must-offer generating units to relieve the South of Lugo constraint. It is that record evidence that we find most compelling. Moreover, we note that while there are differences between the two versions of the T-144 operating procedure, a careful reading of both documents reveals that there are material similarities as well that support the decision to grant rehearing.[35] We find it necessary to closely evaluate these two documents together to determine how each would work in practice, where they were similar to one another, and where they departed from one another in order to fully assess

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[34] *See* Ex. ISO-22 at 32-33; Tr. at 495, lines 13-15.

[35] As explained by CAISO, the differences between version 4.3 and version 4.4 extend to such matters as the entities affected by the procedure, the load to be dropped under the procedure, and the units effective at relieving the constraint. *See* CAISO Reply Brief, Docket No. ER04-835-000, *et al.*, at 14 (Sept. 5, 2005).

Southern Cities' argument that the November 2007 Order inappropriately relied on version 4.4 rather than version 4.3. Generally, both versions describe the operating characteristics of South of Lugo as consisting of three 500 kV transmission lines, which bring approximately 5,100 MW of power into southern California.[36] In order to mitigate the South of Lugo constraint, both versions direct participating generating unit owners either to increase or decrease their generation.[37] Although version 4.3 indicated that South of Lugo would satisfy the Attachment E local criteria because only SoCal Edison's load would be curtailed in the event of an overload on South of Lugo, our review of that version, including the description of South of Lugo and the process to mitigate the constraint, as described above, indicates that South of Lugo is more properly classified as a zonal constraint, consistent with the record evidence discussed above. We also conclude that version 4.4 appropriately clarified this issue by indicating that South of Lugo satisfies zonal criteria, a clarification that is supported by the description of, and mitigation process for, South of Lugo included in both versions of T-144.[38]

22. We also find that version 4.4 went through the same technical review and approval process at CAISO as version 4.3.[39] Southern Cities has not demonstrated that this process was deficient. Further, we do not believe that CAISO, as an independent system operator, has an incentive to revise T-144 other than to accurately reflect that other load serving entities also benefit from South of Lugo and thus benefit from relieving the associated constraint. We find no evidence that CAISO's revision of version 4.4 was intended to provide SoCal Edison with unwarranted relief from must-offer costs. In any event, the Commission's determination that South of Lugo is properly classified as a zonal constraint is supported by record evidence, as discussed above, and buttressed by both versions of T-144.

23. The Commission has concluded that the South of Lugo constraint is appropriately classified as a zonal constraint, and not a local constraint. In so finding, we carefully evaluated the record evidence, including testimony and exhibits submitted by parties to

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[36] *See* Ex. SCE-12 at 2-3 (protected) and Ex. S-16 at 2-3 (protected). *See also* Ex. ISO-22 at 25 (describing South of Lugo).

[37] *See* Ex. SCE-12 at 4-5 (protected) and Ex. S-16 at 4-5 (protected).

[38] *See also* Ex. S-37 (responding to data request, CAISO states that "[i]f a firm load reduction were required in SP15 as a result of an overload on the South of Lugo Path pursuant to Operating Procedure T-144, the firm load reduction would currently be shared among Anaheim, Azusa, Banning, Pasadena, Riverside, San Diego Gas & Electric, Southern California Edison, and Vernon.").

[39] *See* Ex. SCE-12 at 11 (protected); Ex. S-16 at 11 (protected).

this proceeding, as well as both versions 4.3 and 4.4 of T-144, and we have explained the rationale for our conclusion. Thus, contrary to Southern Cities' claims, we have provided a reasoned basis for granting rehearing on this issue in the November 2007 Order. For the reasons discussed herein, we deny rehearing.

The Commission orders:

Southern Cities' Request for Rehearing is hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.