



January 31, 2006

Ellen K Schall
Assistant General Counsel
Markets, Tariffs and Rates
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington D.C. 20426

Re: Docket No. EL04-24-000

Dear Ms. Schall:

This letter updates the November 18, 2005 response of the California Independent System Operator Corporation ("CAISO") to your inquiry about the status of the above-referenced matter and the CAISO's plans to file a motion to withdraw its Petition for Review of Arbitrator's Award.

The CAISO and San Diego Gas & Electric Company ("SDG&E") continue to work together to coordinate termination of the litigation identified in the SWPL Settlement Agreement and the SWPL Operations Agreement, including this docket. We are also monitoring the remand in Docket Nos. ER97-2358-007, et al., and the Commission's December 20, 2005 Order on Remand in that matter that allows Pacific Gas and Electric Company, Southern California Edison Company, and SDG&E to recover the cost differential between their Existing Transmission Contracts and Transmission Owner tariffs. That cost recovery issue, and the outcome of the remand, are addressed in the SWPL Settlement Agreement and the SWPL Operations Agreement.

In order to allow the CAISO and SDG&E an opportunity to consider the outcome of the remand as it relates to the SWPL settlement, the CAISO proposes to defer filing a motion to withdraw the Petition in this matter. No later than February 28, 2006, we will either file such joint motion to withdraw or provide further update about the status of this matter.

Sincerely,

/s/ Beth Ann Burns
Beth Ann Burns
Counsel

CERTIFICATE OF SERVICE

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

Dated this 31st day of January in the year 2006 at Folsom in the State of California.

/s/ Beth Ann Burns
Beth Ann Burns