

December 1, 1999

The Honorable David P. Boergers, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: California Independent System Operator Corporation, Docket No. ER98-3760-000 and California Independent System Operator Corporation, Docket No. EC96-19-000 and ER96-1663-000

Dear Secretary Boergers:

Pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 and the Commission's orders of September 11, 1998, 84 FERC ¶ 61,217, and April 28, 1999, 87 FERC ¶ 61,102, the California Independent System Operator Corporation hereby files a signed original and fourteen copies of an Offer of Settlement.

Copies of this letter and the enclosures were served today on all persons required to be served by Rule 602(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(d). Those persons are hereby notified, pursuant to Rule 602(d)(2), that comments on the enclosed Offer of Settlement are due no later than December 21, 1999. In accordance with the Commission's April 28, 1999 Order there will be no reply comments. Remaining contested Issues will be added to the Joint Statement of Issues for subsequent briefing in this proceeding.

The ISO notes that the Offer of Settlement is based on the ISO Tariff as approved by the Commission through Amendment No. 20 (including the Amendment No. 14 compliance filings). If the Offer of Settlement is accepted, the ISO recognizes that a compliance filing may be necessary in order to incorporate Commission orders regarding subsequent tariff amendments.

Also enclosed is an extra copy of the filing to be time/date stamped and returned to us by the messenger. Thank you for your assistance.

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Respectfully submitted,

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Counsel for the California
Independent System Operator Corporation

Enclosures
cc: Service List

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents upon each person in accordance with the requirements of Rule 602(d) of the Commission's Rules of Practice and Procedure.

Dated at Washington, D.C. on this 1st day of December, 1999.

David B. Rubin
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Washington, D.C. 20007

Counsel for the California Independent
System Operator Corporation

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

California Independent System)
Operator Corporation) Docket No. ER98-3760-000
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Operator Corporation) Docket Nos. ER98-19-000,
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[Not Consolidated]

OFFER OF SETTLEMENT