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August 10, 2006

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Errata to Supplemental Compliance Filing
Docket No. ER06-700-___**

Dear Secretary Salas:

On August 9, 2006, the California Independent System Operator Corporation ("CAISO") submitted a supplemental compliance filing in the captioned docket ("Supplemental Compliance Filing").¹ It has come to the CAISO's attention that inadvertent errors appeared on one of the clean ISO Tariff sheets included in Attachment A-1 to the Supplemental Compliance Filing. Specifically, at the top of Substitute Original Sheet No. 1181, six items were incorrectly listed as items (a) through (f), when in fact those items should have been listed as items (e) through (j). The version of that clean ISO Tariff sheet included in Attachment A to the instant filing corrects the error. Please replace the version of that clean ISO Tariff sheet included in the Supplemental Compliance Filing with the attached version of the sheet. The CAISO apologizes for any inconvenience this filing may have caused.

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

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Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are any questions concerning the filing, please contact the undersigned.

Respectfully submitted,



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ATTACHMENT A

- e) Governance policies;
- f) Financial and accounting policies;
- g) Risk management and credit policies;
- h) Market risk including price exposures, credit exposures and operational exposures;
- i) Event risk; and
- j) The state or local regulatory environment.

Material negative information in these areas may result in a reduction of up to 100% in the Unsecured Credit Limit that would otherwise be granted based on the methodology described in Section A-2.2. A Market Participant or FTR Bidder, upon request, will be provided a written analysis as to how the provisions of Section A-2.2 were applied in setting its Unsecured Credit Limit.

Notwithstanding the considerations described above, Market Participants and FTR Bidders are obligated to provide the ISO timely information regarding any Material Change in Financial Condition, i.e., an adverse change that could affect its or one of its affiliated entities ability to pay its debt or meet its Financial Security obligations as they become due. Examples of Material Changes in Financial Condition may include but are not limited to:

- a) Credit agency downgrades;
- b) Being placed on a credit watch list by a major rating agency;
- c) A bankruptcy filing;
- d) Insolvency;
- e) The filing of a material lawsuit that could significantly and adversely affect past, current or future financial results; or
- f) Any change in the financial condition of the Market Participant or FTR Bidder that exceeds a five percent (5%) reduction in the Market Participant's or FTR Bidder's Tangible Net Worth or Net Assets for the Market Participant's or FTR Bidder's preceding fiscal year, calculated in accordance with generally accepted accounting practices.

A-2. Unsecured Credit Limit Calculation

See Section 12.1.1A, 12.1.1A.1, 12.1.1A.2 and 12.1.1A.3 of the ISO Tariff.

A-3. Unsecured Credit Limit Issues for Affiliated Entities

As provided in Section 12.1.1.1 of the ISO Tariff, if any Market Participant or FTR Bidder requesting or maintaining an Unsecured Credit Limit is affiliated with one or more other entities subject to the credit requirements of Section 12 of the ISO Tariff, the ISO may consider the overall creditworthiness and financial condition of such Affiliates when determining the applicable Unsecured Credit Limit. The ISO may determine that the maximum Unsecured Credit Limit calculated in accordance with Section A-2 of this document applies to the combined activity of such Affiliates.

A-4. Unsecured Credit Limit for a Local Publicly Owned Electric Utility

A Local Publicly Owned Electric Utility with a governing body having ratemaking authority that has submitted an application for an Unsecured Credit Limit shall be entitled to an Unsecured Credit Limit of one million dollars (\$1,000,000) without regard to its Net Assets. Such Local Publicly Owned Electric Utility shall be entitled to request an Unsecured Credit Limit based on Net Assets as provided in Section 12.1.1 of the ISO Tariff in order to establish an Unsecured Credit Limit as the greater of one million dollars (\$1,000,000) or the amount determined as provided in Section 12.1.1 of the ISO Tariff. A public entity that is not a Local Publicly Owned Electric Utility is not entitled to an Unsecured Credit Limit of one million dollars (\$1,000,000) under this Section but may seek to establish an Unsecured Credit Limit as provided in Section 12.1.1 of the ISO

CERTIFICATE OF SERVICE

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

Dated at Folsom, California this 10th day of August, 2006.

Sidney M. Davies ^{BAM}
Sidney M. Davies