



California Independent
System Operator Corporation

August 21, 2006

Attn: Commission's Docket Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Docket # I.05-06-041, Order Instituting Investigation on the Commission's Own Motion into Methodology for Economic Assessment of Transmission Projects.

Dear Clerk:

Enclosed for filing please find an original and eight copies of the Ex-Parte Communication of the California Independent System Operator Corporation in the above-referenced docket number.

Please date stamp one copy and return to California ISO in the self-addressed stamped envelope provided.

Thank you.

Sincerely,

Grant Rosenblum
Regulatory Counsel

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Order Instituting Investigation on the Commission's Own
Motion into Methodology for Economic Assessment of
Transmission Projects.

Investigation 05-06-041
(Filed June 30, 2005)

**NOTICE OF EXPARTE COMMUNICATION
OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

August 21, 2006

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**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Order Instituting Investigation on the Commission's Own
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**NOTICE OF EXPARTE COMMUNICATION
OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

In accordance with Rules 1.4 and 7.1 of the Commission's Rules of Practice and Procedure, the California Independent System Operator Corporation ("CAISO") submits this notice of an oral ex parte communication.

On August 17, 2006, via telephone from the CAISO's office in Folsom, California, Karen Edson, Vice-President of External Affairs for CAISO, Robin Smutny-Jones, Director of Regulatory Affairs for CAISO, and Judith Sanders and Grant Rosenblum, counsel for the CAISO, communicated with Traci Bone, advisor to Commissioner Grueneich, and Nancy Ryan, advisor to President Peevey. The CAISO continued to discuss potential alternatives or conditions that may be acceptable to the Commission sufficient to revise the Proposed Decision's conclusion on the issue of "deference" to an CAISO finding of economic need for a proposed transmission project.

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Copies of this notice may be obtained by contacting Jaime Mrazeck by telephone at (916) 608-7021 or by e-mail at jmrazeck@caiso.com.

August 21, 2006

Respectfully Submitted:

By: 

Grant Rosenblum
Attorney for
California Independent System Operator