

January 10, 2005

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: *Pacific Gas and Electric Company*
Docket Nos. ER04-688-000, et al. (Not Consolidated)
Compliance Filing**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")¹ respectfully submits six copies of this filing in compliance with the Commission's December 3, 2004 order in the captioned dockets, 109 FERC ¶ 61,255 ("December 3 Order").

In the December 3 Order, the Commission agreed with the ISO's proposal, contained in the November 22, 2004 answer the ISO submitted in the captioned dockets, to modify the ISO Tariff to provide that the capacity provided to the ISO under the Transmission Exchange Agreement that was originally accepted by the Commission in Docket No. ER04-688 is deemed to be ISO Controlled Grid facilities. December 3 Order at PP 47, 52. Accordingly, the ISO has added new Section 3.1.4 to the ISO Tariff containing this proposal. The Commission also directed the ISO to identify, by tariff provision, the relevant terms and conditions that apply to this service. December 3 Order at P 52. To comply with the Commission's directive, new Section 3.1.4 states that the capacity is subject to all terms and conditions of the ISO Tariff.

¹ Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the ISO Tariff.

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The ISO proposes to make Section 3.1.4 effective January 1, 2005, which is the effective date for the rate schedules addressed in the December 3 Order. See December 3 Order at ordering paragraph (B) and Appendix B.

The ISO Tariff changes described above are shown on the revised sheets provided in Attachment A to the present filing, and are shown in black-line format in Attachment B to the present filing. Additionally, the ISO submits, in Attachment C to the present filing, a form notice of filing suitable for publication in the Federal Register, along with a computer diskette containing the notice of filing.

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

Respectfully submitted,

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ATTACHMENT A

agreements. The New Participating TO shall assume responsibility for paying all Scheduling Coordinators charges regardless of whether the New Participating TO elects to become a Scheduling Coordinator or obtains the services of a Scheduling Coordinator.

3.1.3 Western Path 15 shall be required to turn over to ISO Operational Control only its rights and interests in the Path 15 Upgrade and shall not be required to turn over to ISO Operational Control Central Valley Project transmission facilities, Pacific AC Intertie transmission facilities, California-Oregon Transmission Project facilities, or any other new transmission facilities or Entitlements not related to the Path 15 Upgrade. For purposes of the ISO Tariff, Western Path 15 shall be treated with respect to revenue recovery as a Project Sponsor in accordance with Section 3.2.7.

3.1.4 The capacity provided to the ISO under the Transmission Exchange Agreement originally accepted by FERC in Docket No. ER04-688 is deemed to be ISO Controlled Grid facilities and is subject to all terms and conditions of the ISO Tariff.

3.2 Transmission Expansion.

A Participating TO shall be obligated to construct all transmission additions and upgrades that are determined to be needed in accordance with the requirements of this Section 3.2 and which: (1) are additions or upgrades to transmission facilities that are located within its PTO Service Territory, unless it does not own the facility being upgraded or added and neither terminus of such facility is located within its PTO Service Territory; or (2) are additions to existing transmission facilities or upgrades to existing transmission facilities that it owns, that are part of the ISO Controlled Grid, and that are located outside of its PTO Service Territory, unless the joint-ownership arrangement, if any, does not permit. A Participating TO's obligation to construct such transmission additions and upgrades shall be subject to: (1) its ability, after making a good faith effort, to obtain all necessary approvals and property rights under applicable federal, state, and local laws and (2) the presence of a cost recovery mechanism with cost

responsibility assigned in accordance with Section 3.2.7. The obligations of the Participating TO to construct such transmission additions or upgrades will not alter the rights of any entity to construct and expand transmission facilities as those rights would exist in the absence of the TO's obligations under this ISO Tariff or as those rights may be conferred by the ISO or may arise or exist pursuant to this ISO Tariff.

ATTACHMENT B

3.1.4 The capacity provided to the ISO under the Transmission Exchange Agreement originally accepted by FERC in Docket No. ER04-688 is deemed to be ISO Controlled Grid facilities and is subject to all terms and conditions of the ISO Tariff.

ATTACHMENT C

NOTICE OF FILING SUITABLE FOR PUBLICATION
IN THE FEDERAL REGISTER

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Pacific Gas and Electric Company)	Docket Nos. ER04-688-000
)	ER04-688-001
)	ER04-689-000
)	ER04-689-001
)	ER04-690-000
)	ER04-690-001
)	ER04-693-000
)	ER04-693-001
)	
)	(Not Consolidated)

Notice of Filing

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Take notice that on January 10, 2005, the California Independent System Operator Corporation (ISO) submitted a filing in compliance with the order issued in the captioned dockets on December 3, 2004, 109 FERC ¶ 61,255.

The ISO states that this filing has been served upon all parties on the official service list for the captioned dockets. In addition, the ISO has posted this filing on the ISO Home Page.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the **eLibrary** (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions

may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: _____