



September 16, 2002

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,
Docket No. ER02-1656-000**

**Investigation of Wholesale Rates of Public Utility Sellers of
Energy and Ancillary Services in the Western Systems
Coordinating Council, Docket No. EL01-68-017**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")¹ respectfully submits this letter in further compliance with the Commission's July 17, 2002 "Order On the California Comprehensive Market Redesign Proposal," 100 FERC ¶ 61,060 (2002) ("July 17 Order"), issued in the above-referenced dockets.

In the July 17 Order, the Commission, among other things, modified and adopted the ISO's proposal to apply automatic mitigation procedures ("AMP"). Among other modifications, the Commission ordered that the ISO could not implement AMP until it has retained the services of a qualified independent organization to perform the task of determining reference prices. The July 17 Order also required the ISO to inform the Commission of the selected entity by September 15, 2002. Accordingly, the ISO issued a public Request for Bids, reviewed the resulting applications and selected a qualified entity.

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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Specifically, the ISO has retained the services of Potomac Economics, LTD to calculate reference prices. Potomac Economics LTD is a privately-held S-corporation incorporated in the State of Virginia, having its principal place of business at 4029 Ridge Top Road, Suite 350, in Fairfax, Virginia 22030. The ISO began work with Potomac on September 3, 2002.

Please contact the undersigned if you have any questions or require additional information.

Respectfully submitted,

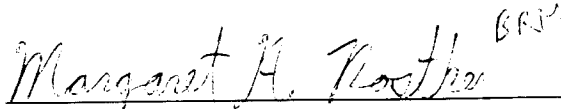
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above-captioned dockets.

Dated at Washington, D.C, on this 16th day of September, 2002.

 ^{BRJ}

Margaret A. Rostker
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