

May 1, 2006

Ellen K Schall
Assistant General Counsel
Markets, Tariffs and Rates
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington D.C. 20426

Re: Docket No. EL04-24-000

Dear Ms. Schall:

This letter updates the November 18, 2005 response of the California Independent System Operator Corporation (“CAISO”) to your inquiry about the status of the above-referenced matter and the CAISO’s plans to file a motion to withdraw its Petition for Review of Arbitrator’s Award.

The CAISO and San Diego Gas & Electric Company (“SDG&E”) continue to work together with respect proceedings pending before the Commission that relate to this matter. In Docket Nos. ER97-2358-007, et al., the Commission issued an Order on Remand on December 20, 2005 that allows Pacific Gas and Electric Company, Southern California Edison Company, and SDG&E to recover the cost differentials between their Existing Transmission Contracts (“ETCs”) and Transmission Owner (“TO”) tariffs. On March 31, 2006, SDG&E filed a TO Tariff Rate Revision in Docket No. ER06-818 that implements the December 20, 2005 Order on Remand and provides for recovery of the cost differentials related to SWPL. If SDG&E is permitted to include all unreimbursed SWPL ETC cost differentials in its TO Tariff rates, the instant matter will be withdrawn.

In order to allow time for SDG&E’s filing in Docket No. ER06-418 to be processed, the CAISO proposes to defer filing a motion to withdraw the Petition in this matter. No later than June 1, 2006, we will either file such joint motion to withdraw or provide further update about the status of this matter.

Sincerely,

/s/ Beth Ann Burns
Beth Ann Burns
Counsel

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 Folsom, California, on this 1st day of May, 2006.

/s/ Beth Ann Burns
Beth Ann Burns