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November 24, 2004

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

**Re: California Independent System Operator Corporation
Compliance Filing
Docket No. ER03-407-___**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")¹ respectfully submits six copies of this filing in compliance with the Commission's October 29, 2004 order in the captioned docket, 109 FERC ¶ 61,098 ("October 29 Order"), which order concerned the compliance filing the ISO submitted on August 25, 2003 ("August 25 Compliance Filing"). In the October 29 Order, the Commission rejected the August 25 Compliance Filing and directed the ISO to file a subsequent compliance filing. See October 29 Order at ordering paragraph (B). The ISO now provides the required further compliance filing.

The Commission directed the ISO to modify Section 3.2.7.3(d) of the ISO Tariff to state that the full amount of capacity added to the system will be as determined through the regional reliability council process of the Western Electricity Coordinating Council or its successor and to remove the phrase "based on the physical addition to the transfer capability" from the section. October 29 Order at P 19. The ISO now revises Section 3.2.7.3(d) to comply with this directive.

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 modification to the ISO Tariff is shown in the revised Tariff sheet provided in Attachment A to the present filing, and is 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

number that is determined by subtracting the rating of the transmission facility before the upgrade from the new rating for the upgraded transmission facility by the new rating for the upgraded transmission facility. The Participating TO's share of Wheeling, Congestion and FTR auction revenues for the upgraded transmission facility shall be the number that is determined by subtracting the Project Sponsor's share from one hundred percent (100%). Such allocated shares shall become effective on the date the new rating takes effect. The full amount of capacity added to the system will be as determined through the regional reliability council process of the Western Electricity Coordinating Council or its successor.

3.2.7.4 Once a New Participating TO has executed the Transmission Control Agreement and it has become effective, the cost for New High Voltage Facilities for all Participating TOs shall be included in the ISO Grid-wide component of the High Voltage Access Charge in accordance with Schedule 3 of Appendix F. The

ATTACHMENT B

3.2.7.3 (d) The Project Sponsor's share of Wheeling, Congestion and FTR auction revenues for the upgraded transmission facility shall be the number that is determined by dividing the number that is determined by subtracting the rating of the transmission facility before the upgrade from the new rating for the upgraded transmission facility by the new rating for the upgraded transmission facility. The Participating TO's share of Wheeling, Congestion and FTR auction revenues shall be the number that is determined by subtracting the Project Sponsor's share from one hundred percent (100%). Such allocated shares shall become effective on the date the new rating takes effect. The full amount of capacity added to the system will be based on the physical addition to the transfer capability as determined through the regional reliability council process of the Western Electricity Coordinating Council or its successor.

ATTACHMENT C

