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September 6, 2006

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

**Re: California Independent System Operator Corporation
Docket No. ER06-____-000**

Dear Secretary Salas:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, the California Independent System Operator Corporation ("ISO")¹ submits for Commission filing and acceptance an amendment ("Amendment") to the Responsible Participating Transmission Owner Agreement ("RPTOA") between the ISO and Pacific Gas and Electric Company ("PG&E"). The ISO requests that this filing be made effective as of the later of the following: (1) the effective date set by the Commission for the settlement package submitted by PG&E on September 5, 2006 in Docket Nos. ER05-229-000, *et al.* ("FERC Docket No. ER05-229 Settlement");² (2) September 27, 2006; or (3) the

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff, and in the RPTOA, as amended.

² The FERC Docket No. ER05-229 Settlement consists of an Offer of Settlement, Explanatory Package in Support of Offer of Settlement, and Settlement Agreement between PG&E and the Western Area Power Administration ("Western") (including exhibits). Transmittal Letter for FERC Docket No. ER05-229 Settlement at 1. The proceeding in Docket No. ER05-229 concerns PG&E's filing of an unexecuted Scheduling Coordinator Services Tariff with Western (the Western SCS Tariff) under which PG&E (or its designated Scheduling Coordinator) would act as Western's Scheduling Coordinator for transactions under two existing contracts, the

date on which the Commission accepts the Pilot Pseudo Tie Implementation Agreement ("PTIA") that the ISO is submitting simultaneously with the instant filing.³

The currently effective RPTOA was submitted by the ISO as a compliance filing on July 2, 2003 in Docket No. ER02-2489-002. It was accepted by letter order dated May 3, 2004 and was designated as Rate Schedule FERC No. 37. Subsequently, the Commission has approved a number of amendments to the RPTOA.⁴

I. The Amendment

The RPTOA enables PG&E and the ISO to implement Sections 16.1 and 16.2 (formerly Sections 2.4.3 and 2.4.4) of the ISO Tariff and the Protocols of the ISO Tariff as they may relate to those Existing Contracts for which the Responsible PTO will operate under the ISO Tariff and SC Agreement so as to enable it to honor Existing Contracts as contemplated by Sections 16.1 and 16.2 of the ISO Tariff.

The purpose of the Amendment is to modify Appendix A of the RPTOA. Appendix A is the listing of Parties for Whom PG&E Will Act as Scheduling Coordinator.

II. Effective Date

Transmission Service Contract for New Melones Project and the Transmission Service Contract for San Luis Unit. The Commission accepted the proposed Western SCS Tariff for filing, suspended it for a nominal period, made it effective December 31, 2004, subject to refund, and set the matter for hearing and settlement judge procedures. *Pacific Gas and Electric Company*, 109 FERC ¶ 61,392, at PP 49-59 (2004), *reh'g denied*, 111 FERC ¶ 61,156 (2005). The FERC Docket No. ER05-229 Settlement was filed for the purpose of resolving all issues in the proceeding.

³ The materials submitted in FERC Docket No. ER05-229 Settlement contemplate that an "Implementation Date" as defined therein will be established. The CAISO will coordinate with PG&E in an effort to implement the terms of this Amendment concurrent with that date.

⁴ On November 1, 2004, the ISO submitted revisions to Appendix A to the RPTOA in Docket No. ER05-152-000, which the Commission accepted by letter order dated December 20, 2004. On October 11, 2005, the ISO submitted further revisions to Appendix A to the RPTOA in Docket No. ER06-24-000, which the Commission accepted in *California Independent System Operator Corporation*, 113 FERC ¶ 61,250 (2005). On December 30, 2005, the ISO submitted additional revisions to Appendix A to the RPTOA in Docket No. ER06-434-000, which the Commission accepted by letter order issued in that docket on February 13, 2006. On June 30, 2006, the ISO submitted further revisions to Appendix A to the RPTOA in Docket No. ER06-1193-000, which the Commission accepted by letter order issued in that docket on August 21, 2006.

The ISO requests that the Amendment be made effective on the later of the following: (1) the effective date set by the Commission for the FERC Docket No. ER05-229 Settlement"); (2) September 27, 2006; or (3) the date on which the Commission accepts the PTIA that the ISO is submitting simultaneously with the instant filing. As described in footnote 6 of the Amendment, PG&E will no longer perform Scheduling Coordinator responsibilities for Western once the ISO finalizes the implementation of the transfer of Scheduling Coordinator responsibilities for the New Melones and San Luis contracts pursuant to the FERC Docket No. ER05-229 Settlement.

III. Request for Waiver

The ISO respectfully requests a waiver of the Commission's 60-day prior notice requirement, pursuant to Section 35.11 of the Commission's regulations, 18 C.F.R. § 35.11, to the extent necessary in order to allow the enclosed materials to become effective as described above. PG&E and Western are simultaneously seeking expedited treatment of the FERC Docket ER05-229 Settlement. Granting the waiver will permit the Amendment to become effective in a timely manner, as contemplated by the parties to the Amendment. Granting the requested waiver, therefore, is appropriate.

IV. Expenses

No expense or cost associated with this filing has been alleged or judged in any judicial or administrative proceeding to be illegal, duplicative, unnecessary, or demonstratively the product of discriminatory employment practices.

V. Service

Copies of this filing have been served on PG&E, the California Public Utilities Commission, the California Electricity Oversight Board, and all entities that are on the official service lists for Docket Nos. ER00-565-000, *et al.*, ER02-2489-000, ER05-152-000, ER06-24-000, ER06-434-000, and ER06-1193-000. In addition, the filing has been posted on the ISO's website.

Enclosed for filing are six copies of each of the following:

- (1) this letter of transmittal;
- (2) the rate schedule sheet in the RPTOA that is revised by the Amendment (Attachment A); and
- (3) a black-lined document showing the changes to the currently effective RPTOA contained in the Amendment (Attachment B).

Also enclosed are two additional copies of this filing to be date-stamped and returned to our messenger.

VI. Correspondence

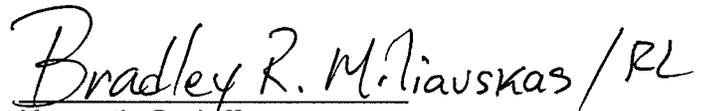
The ISO requests that all correspondence, pleadings and other communications concerning this filing be served upon the following:

John Anders*
Assistant General Counsel
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Operator Corporation
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* Individuals designated for service pursuant to 18 C.F.R. § 203(b)(3).

Respectfully submitted,

Handwritten signature of Bradley R. Miliauskas in cursive, followed by a slash and the initials 'RL'.

Charles F. Robinson
General Counsel
John Anders
Assistant General Counsel
California Independent System
Operator Corporation
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Folsom, CA 95630

Kenneth G. Jaffe
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Attorneys for the California Independent
System Operator Corporation

ATTACHMENT A

resumed acting as the Scheduling Coordinator for the Western/PG&E contracts except where footnoted otherwise. Upon termination of Contract 14-03-2948A between PG&E and Western, PG&E submitted in FERC Docket Nos. ER05-229-000, *et al.*, a tariff for the provision of Scheduling Coordinator service under these contracts. As provided in the Offer of Settlement and Settlement Agreement filed with FERC on September 5, 2006, PG&E and Western reached a settlement in FERC Docket Nos. ER05-229-000, *et al.* The Settlement Agreement states that Western agrees to become the Scheduling Coordinator for all federal San Luis and New Melones generation and loads under Contract No. 14-06-200-2207A and Contract No. 8-07-20-P0004, by the date on which the CAISO finalizes the implementation of the transfer of SC responsibilities for the San Luis and New Melones Contracts within the CAISO scheduling and settlement systems, which is expected to occur on September 27, 2006 or shortly thereafter. Therefore, as of the date of implementation of the Settlement Agreement, PG&E no longer performs as Western's Scheduling Coordinator for the identified agreements.

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: September 6, 2006 Effective: The later of the following: (1) the effective date set by the Commission for the settlement package submitted by Pacific Gas and Electric Company on September 5, 2006 in Docket Nos. ER05-229-000, *et al.* ("FERC Docket No. ER05-229 Settlement"); (2) September 27, 2006; or (3) the date on which the Commission accepts the Pilot Pseudo Tie Implementation Agreement that the ISO submitted on September 6, 2006 in Docket No. ER06-____-000.

ATTACHMENT B

Appendix A

Parties for Whom PG&E Will Act as Scheduling Coordinator

	<u>Existing Rightholder</u>	<u>Contracts/RS#</u>
1.	Bay Area Rapid Transit	<ul style="list-style-type: none">• Service Agreement No. 42 under FERC Electric Tariff, First Revised Volume No. 12• Service Agreement No. 43 under FERC Electric Tariff, First Revised Volume No. 12
2.	Modesto Irrigation District	<ul style="list-style-type: none">• Interconnection Agreement - PG&E Rate Schedule FERC No. 116¹• Midway Transmission Service / South of Tesla Principles - PG&E Rate Schedule FERC No. 143^{1,2}
3.	Northern California Power Agency	<ul style="list-style-type: none">• Castle Rock-Lakeville CoTenancy Agreement – PG&E Rate Schedule FERC No. 139• Midway Transmission Service / South of Tesla Principles - PG&E Rate Schedule FERC No. 143²
4.	Redding (City of)	<ul style="list-style-type: none">• Midway Transmission Service / South of Tesla Principles - PG&E Rate Schedule FERC No. 143²
5.	San Francisco (City and County of)	<ul style="list-style-type: none">• Interconnection Agreement - PG&E Rate Schedule FERC No. 114³

	<u>Existing Rightholder</u>	<u>Contracts/RS#</u>
6.	Santa Clara (City of)	<ul style="list-style-type: none"> • Mokelumne Settlement and Grizzly Development Agreement - Service Agreement No. 20 under FERC Electric Tariff, Sixth Revised Volume No. 5 • Castle Rock-Lakeville CoTenancy Agreement – PG&E Rate Schedule FERC No. 139 • Midway Transmission Service / South of Tesla Principles - PG&E Rate Schedule FERC No. 143²
7.	Sacramento Municipal Utility District	<ul style="list-style-type: none"> • Interconnection Agreement – PG&E Rate Schedule FERC No. 136⁴ • EHV Transmission Agreement – PG&E Rate Schedule No. 37⁴ • Camp Far West Transmission Agreement – PG&E Rate Schedule FERC No. 91⁴ • Slab Creek Transmission Agreement – PG&E Rate Schedule FERC No. 88⁴ • Midway Transmission Service / South of Tesla Principles – PG&E Rate Schedule FERC No. 143²
8.	Turlock Irrigation District	<ul style="list-style-type: none"> • Interconnection Agreement - PG&E Rate Schedule FERC No. 213⁵ • Midway Transmission Service / South of Tesla Principles - PG&E Rate Schedule FERC No. 143^{2,5}

	<u>Existing Rightholder</u>	<u>Contracts/RS#</u>
9.	Western Area Power Administration	<ul style="list-style-type: none"><li data-bbox="820 285 1404 373">• Transmission Service for San Luis Unit Contract No. 14-06-200-2207A – PG&E Rate Schedule FERC No. 227⁶<li data-bbox="820 394 1421 483">• Transmission Service for New Melones Project Contract No. 8-07-20-P0004 - PG&E Rate Schedule FERC No. 60⁶

ENDNOTES

¹ As provided in PG&E's filing with FERC dated August 3, 2005 in Docket No. ER05-1286-000, Modesto Irrigation District (MID) will designate a Scheduling Coordinator other than PG&E for all of its existing transmission services with PG&E no later than December 1, 2005. No later than December 1, 2005, PG&E will no longer operate as MID's Scheduling Coordinator for the identified agreements.

² Midway Transmission Service/South of Tesla Principles (SOTP) - PG&E Rate Schedule FERC No. 143 is an agreement between PG&E and the Transmission Agency of Northern California (TANC). TANC's entitlement to 300 MW of transmission service under that agreement has been allocated to the Cities of Santa Clara, doing business as Silicon Valley Power (SVP), and Redding, MID, Turlock Irrigation District (TID), Sacramento Municipal Utility District (SMUD), and Northern California Power Agency (NCPA). As of September 1, 2002, SVP and NCPA serve as their own Scheduling Coordinators for their SOTP service. PG&E does not have a control area services agreement with Redding, since Redding's electric system is not directly connected with the ISO Controlled Grid. As of January 1, 1999, pursuant to Section 2.4 of PG&E's RPTO Agreement, the Western Area Power Administration was appointed the Scheduling Coordinator for Redding's SOTP service. As of June 18, 2002, concurrent with the commencement of operation of SMUD's control area, Automated Power Exchange, Inc. became the Scheduling Coordinator for SMUD's SOTP service. Under the Path 15 Operating Instructions (see FERC Docket ER-99-1770-000), PG&E acts as Path 15 ETC Facilitator for all of TANC's members' SOTP service by arranging for transfers of the TANC members' power across Path 15, but PG&E only reports the associated load where it acts as a TANC member's Scheduling Coordinator as described above. The Path 15 Operating Instructions are incorporated in Exhibit B-1 to PG&E's Appendix B to the Transmission Control Agreement with the ISO (see FERC Docket No ER03-219-000).

³ As provided in the Partial Settlement Agreement filed with FERC on May 23, 2005 PG&E and the City and County of San Francisco (CCSF) reached a settlement in FERC Docket Nos. ER00-565-000, ER04-1233-000 and ER05-480-000. The Partial Settlement Agreement, which was approved by FERC on July 6, 2005, states that CCSF will designate a Scheduling Coordinator other than PG&E for all of its existing transmission services with PG&E no later than December 31, 2005. On December 20, 2005, PG&E and CCSF filed a joint motion with FERC in Docket No. ER00-565-000, *et al.* to extend the December 31, 2005 deadline to June 30, 2006 to facilitate operational issues arising from the SC transition. On June 30, 2006, PG&E and CCSF filed a further motion with FERC in Docket No. ER00-565-000, *et al.* to extend the June 30, 2006 deadline to November 30, 2006 to facilitate operational issues arising from the SC transition. The parties also indicated that CCSF will assume Scheduling Coordinator responsibilities earlier than November 30, 2006, if certain conditions in an agreement between CCSF and PG&E are met. Therefore, no later than November 30, 2006, PG&E will no longer operate as CCSF's Scheduling Coordinator for the identified agreement.

⁴ As provided in PG&E's letter dated May 30, 2002, PG&E and SMUD have executed Amendment #7 to the PG&E-SMUD Interconnection Agreement dated August 29, 1990 which provides, among other things, that SMUD will designate a Scheduling Coordinator other than PG&E for its existing transmission services with PG&E. PG&E will provide operating instructions under separate notice to the ISO in accordance with Section 2.4.4.4 of the ISO Tariff.

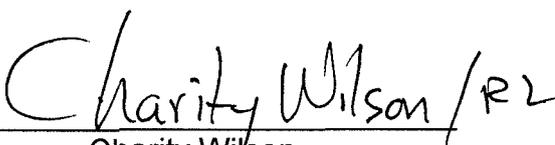
⁵ As provided in PG&E's filing with FERC dated April 26, 2005, of a Settlement Agreement between PG&E and TID, FERC Docket ER05-390-000, TID plans to form a new Control Area separate from the ISO Control Area. The Settlement Agreement, which was approved by FERC on June 27, 2005, includes an amendment to the PG&E-TID Interconnection Agreement which provides, among other things, that TID will designate a Scheduling Coordinator other than PG&E for all of its existing transmission services with PG&E no later than December 1, 2005. Therefore, no later than December 1, 2005, PG&E will no longer operate as TID's Scheduling Coordinator for the identified agreements.

⁶ In PG&E's letter to the CAISO dated February 24, 1998, PG&E amended Appendix A of the RPTO Agreement to include Western/PG&E Existing Contracts. Additionally, effective April 1, 1998, pursuant to Section 2.4 of PG&E's RPTO Agreement, the California Power Exchange (CAPX) was appointed as Scheduling Coordinator for all schedules submitted under the Western/PG&E contracts listed above. Following the cessation of operation of the CAPX, PG&E resumed acting as the Scheduling Coordinator for the Western/PG&E contracts except where footnoted otherwise. Upon termination of Contract 14-03-2948A between PG&E and Western, PG&E submitted in FERC Docket Nos. ER05-229-000, et al., a tariff for the provision of Scheduling Coordinator service under these contracts. As provided in the Offer of Settlement and Settlement Agreement filed with FERC on September 5, 2006, PG&E and Western reached a settlement in FERC Docket Nos. ER05-229-000, et al. The Settlement Agreement states that Western agrees to become the Scheduling Coordinator for all federal San Luis and New Melones generation and loads under Contract No. 14-06-200-2207A and Contract No. 8-07-20-P0004, by the date on which the CAISO finalizes the implementation of the transfer of SC responsibilities for the San Luis and New Melones Contracts within the CAISO scheduling and settlement systems, which is expected to occur on September 27, 2006 or shortly thereafter. Therefore, as of the date of implementation of the Settlement Agreement, PG&E no longer performs as Western's Scheduling Coordinator for the identified agreements.

Certificate of Service

I hereby certify that I have served the foregoing document upon the entities that are to receive service as described in that document, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 6th day of September, 2006 at Folsom in the State of California.


Charity Wilson