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April 15, 2010

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Compliance Filing
Docket No. ER10-753-_____**

Dear Secretary Bose:

The California Independent System Operator Corporation ("ISO")¹ hereby submits and original and five copies of the instant filing in compliance with the Commission's "Order Conditionally Accepting Tariff Revisions,"² issued in the captioned proceeding on April 6, 2010 ("April 6 Order").

I. Compliance with the April 6 Order

On February 5, 2010, the ISO filed tariff changes in this proceeding to modify the credit policy and billing provisions of the ISO tariff and to make related tariff changes. The ISO requested that the tariff changes be made effective as of April 7, 2010. In the April 6 Order, the Commission accepted the ISO's proposed tariff changes and effective date, subject to two modifications to be made in a compliance filing.

First, in the April 6 Order, the Commission accepted the clarification, provided by the ISO in its March 15, 2010, answer in this proceeding, that the

¹ Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the ISO tariff. The ISO is also sometimes referred to as the CAISO.

² 131 FERC ¶ 61,009.

CAISO Penalty Reserve Account will accrue interest. Pursuant to that acceptance, the Commission directed the ISO to modify its tariff to state expressly that the CAISO Penalty Reserve Account will be an interest-bearing account and to clarify how the interest rate will be calculated.³ Accordingly, the ISO has modified Section 11.29.9.6.4(a) of the ISO tariff to state that the CAISO Penalty Reserve Account will be an interest-bearing account separate from all other accounts maintained by the ISO. The interest rate for the CAISO Penalty Reserve Account will be the rate that the ISO is able to obtain for that account. This modification tracks similar existing tariff language concerning the CAISO Emissions Cost Trust Account and the FERC Annual Charge Trust Account.⁴

Second, in the April 6 Order, the Commission directed the ISO to add specific language to Section 11.29.9.6.4.1(a) of the ISO tariff to clarify that market participants will be reimbursed before the CAISO Penalty Reserve Fund when a debtor subsequently repays the ISO.⁵ The ISO has modified Section 11.29.9.6.4.1(a) to include the language specified by the Commission.

³ April 6 Order at P 34.

⁴ See ISO tariff, Sections 11.18.2, 11.19.2.

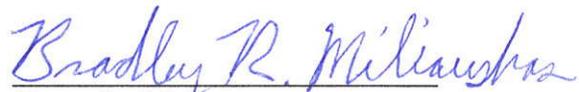
⁵ April 6 Order at P 31.

II. Materials Provided in the Instant Compliance Filing

In addition to this transmittal letter, the instant compliance filing includes Attachments A and B. Attachment A contains clean ISO tariff sheets reflecting the tariff modifications described above. Attachment B shows these modifications in black-line format.

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

Respectfully submitted,



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Counsel for the California Independent System Operator Corporation

Attachment A – Clean Sheets
Late Payment Enforcement Tariff Compliance Filing
ER10-753-000
Fourth Replacement CAISO Tariff
April 15, 2010

In the event that there are funds in the CAISO Surplus Account in excess of an amount to be determined by the CAISO Governing Board and identified in a Market Notice by the CAISO to Market Participants, the amount of such excess will be distributed to Scheduling Coordinators using the same method of apportioning the refund as the method employed in apportioning the liability for the Grid Management Charge.

11.29.9.6.4 CAISO Penalty Reserve Account

- (a) The CAISO Penalty Reserve Account will be available to the CAISO for the purpose of using funds collected for late payments of amounts set forth in Invoices pursuant to Section 11.29.14(c) and for late postings of Financial Security pursuant to Section 12.5.2(c) to clear the CAISO Clearing Account in the event that there are insufficient funds in the CAISO Clearing Account to pay CAISO Creditors. If there are insufficient funds in the CAISO Clearing Account to pay CAISO Creditors and to clear the account on any Payment Date occurring on or after April 7, 2010, due to payment default by one or more CAISO Debtors, the CAISO shall transfer funds from the CAISO Penalty Reserve Account to the CAISO Clearing Account to clear it by close of banking business on that Payment Date pursuant to Section 11.29.13.4. If available funds in the CAISO Penalty Reserve Account are insufficient to clear the CAISO Clearing Account and the payment default is not cured, the payment default will be allocated in accordance with the CAISO Tariff. After the payment default is allocated in accordance with the CAISO Tariff, any funds that are subsequently added to the CAISO Penalty Reserve Account can only be used to clear the CAISO Clearing Account pursuant to this Section 11.29.9.6.4 for payment defaults that occur after the funds were added to the CAISO Penalty Reserve Account. The CAISO Penalty Reserve Account will be an interest-bearing account separate from all other accounts maintained by the CAISO, and no other funds will be commingled in it at any time.

11.29.9.6.4.1 Replenishment Following Payment Default

If the CAISO has debited the CAISO Penalty Reserve Account, then:

- (a) If, after the CAISO has debited the CAISO Penalty Reserve Account on a Payment Date, the CAISO Bank receives a remittance from a CAISO Debtor which has not been (but should have been, if it had been received on a timely basis) credited to the CAISO Clearing Account by 10:00 am on the Payment Date and which required the debiting of the CAISO Penalty Reserve Account, such remittance shall be credited to the CAISO Penalty Reserve Account, less any amounts due to Market Participants.
- (b) The proceeds of any enforcement of Financial Security and/or amounts recovered under proceedings shall be credited to the CAISO Penalty Reserve Account.
- (c) If, after taking reasonable action, the CAISO determines that the default amount (or any part) and/or Interest cannot be recovered, such amounts shall be allocated in accordance with the CAISO Tariff.

Attachment B - Blacklines
Late Payment Enforcement Tariff Compliance Filing
ER10-753-000
Fourth Replacement CAISO Tariff
April 15, 2010

* * *

11.29.9.6.4 CAISO Penalty Reserve Account

- (a) The CAISO Penalty Reserve Account will be available to the CAISO for the purpose of using funds collected for late payments of amounts set forth in Invoices pursuant to Section 11.29.14(c) and for late postings of Financial Security pursuant to Section 12.5.2(c) to clear the CAISO Clearing Account in the event that there are insufficient funds in the CAISO Clearing Account to pay CAISO Creditors. If there are insufficient funds in the CAISO Clearing Account to pay CAISO Creditors and to clear the account on any Payment Date occurring on or after April 7, 2010, due to payment default by one or more CAISO Debtors, the CAISO shall transfer funds from the CAISO Penalty Reserve Account to the CAISO Clearing Account to clear it by close of banking business on that Payment Date pursuant to Section 11.29.13.4. If available funds in the CAISO Penalty Reserve Account are insufficient to clear the CAISO Clearing Account and the payment default is not cured, the payment default will be allocated in accordance with the CAISO Tariff. After the payment default is allocated in accordance with the CAISO Tariff, any funds that are subsequently added to the CAISO Penalty Reserve Account can only be used to clear the CAISO Clearing Account pursuant to this Section 11.29.9.6.4 for payment defaults that occur after the funds were added to the CAISO Penalty Reserve Account. The CAISO Penalty Reserve Account will be an interest-bearing account separate from all other accounts maintained by the CAISO, and no other funds will be commingled in it at any time.
- (b) On December 31 of each year, the CAISO will draw any funds then available in the CAISO Penalty Reserve Account in excess of five (5) million dollars and will apply that excess to offset the following year's Grid Management Charge revenue requirement pursuant to Schedule 1 of Appendix F.
- (c) If the CAISO Penalty Reserve Account is drawn upon, the CAISO will as soon as possible thereafter take any necessary steps against the defaulting Scheduling

Coordinator or CRR Holder, including making any calculations or taking any other appropriate action, to replenish the CAISO Penalty Reserve Account, including drawing on any credit support or other Financial Security provided by the defaulting Scheduling Coordinator or CRR Holder pursuant to Section 12 or serving demands on any defaulting Scheduling Coordinator if Financial Security has been exhausted or if no Financial Security is available due to establishment of an Unsecured Credit Limit.

- (d) The proceeds of drawings under any line of credit, other credit facility, or other Financial Security of the CAISO Penalty Reserve Account will be held on trust for CAISO Creditors to which amounts are owed on any Payment Date occurring on or after April 7, 2010. If the CAISO Penalty Reserve Account is replenished as provided for in this Section 11.29.9.6.4, any credits shall be held on trust for CAISO Creditors to which amounts are owed on any Payment Date occurring on or after April 7, 2010.

11.29.9.6.4.1 Replenishment Following Payment Default

If the CAISO has debited the CAISO Penalty Reserve Account, then:

- (a) If, after the CAISO has debited the CAISO Penalty Reserve Account on a Payment Date, the CAISO Bank receives a remittance from a CAISO Debtor which has not been (but should have been, if it had been received on a timely basis) credited to the CAISO Clearing Account by 10:00 am on the Payment Date and which required the debiting of the CAISO Penalty Reserve Account, such remittance shall be credited to the CAISO Penalty Reserve Account, less any amounts due to Market Participants.
- (b) The proceeds of any enforcement of Financial Security and/or amounts recovered under proceedings shall be credited to the CAISO Penalty Reserve Account.

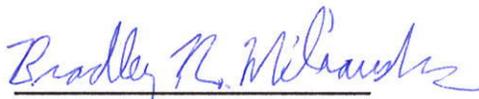
- (c) If, after taking reasonable action, the CAISO determines that the default amount (or any part) and/or Interest cannot be recovered, such amounts shall be allocated in accordance with the CAISO Tariff.

* * *

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing documents upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 15th day of April, 2010.


Bradley R. Miliauskas