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May 14, 2004

The Honorable Magalie R. Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: San Diego Gas & Electric Co., et al.  
Docket Nos. EL00-95-081, et al.**

Dear Secretary Salas:

Enclosed please find one original and fourteen copies of the Interim Report of the California Independent System Operator Corporation.

Also enclosed are two extra copies of this cover letter to be time/date stamped and returned to us by the messenger. Thank you for your assistance. Please contact the undersigned if you have any questions regarding this filing.

Sincerely,

Michael Kunselman

Counsel for the California  
Independent System Operator Corporation

Enclosures

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>San Diego Gas &amp; Electric Company,</b>	)	
<b>Complainant,</b>	)	
	)	
<b>v.</b>	)	<b>Docket Nos. EL00-95-087</b>
	)	
<b>Sellers of Energy and Ancillary Services</b>	)	
<b>Into Markets Operated by the California</b>	)	
<b>Independent System Operator and the</b>	)	
<b>California Power Exchange,</b>	)	
<b>Respondents.</b>	)	
	)	
<b>Investigation of Practices of the California</b>	)	
<b>Independent System Operator and the</b>	)	<b>Docket Nos. EL00-98-074</b>
<b>California Power Exchange</b>	)	

**INTERIM REPORT OF THE CALIFORNIA INDEPENDENT  
SYSTEM OPERATOR CORPORATION**

Pursuant to the Order on Requests for Rehearing and Clarification of the Federal Energy Regulatory Commission (“Commission” or “FERC”) Order issued on May 12, 2004, in the above captioned dockets (“May 12 Order”), 107 FERC ¶ 61,159 (2004), the California Independent System Operator Corporation (“ISO”) hereby provides an interim report to the Commission.

In the May 12 Order, the Commission stated that the ISO’s monthly reports detailing the status of the rerun process, the “most recent [of which was] filed on March 10, 2004,” are valuable tools in managing the rerun process. May 12 Order at PP 20-21. The Commission also noted that it was, in the May 12 Order, and in another order issued that same day, taking action on several issues requiring resolution in order for the ISO to continue with the rerun process,

and directed the ISO to advise the Commission immediately if there are any other outstanding issues that require Commission guidance in order for the ISO to complete its rerun calculations. *Id.* at P 21. The Commission directed that the ISO complete all phases of the refund process and submit its financial phase compliance filing no later than August 31, 2004. *Id.* at P 22.

The ISO has, subsequent to March 10, filed two additional rerun status reports with the Commission. The most recent status report, filed on May 10, 2004, is included as Appendix A to this filing. In that status report, the ISO estimated the financial phase compliance filing would occur in December, 2004.<sup>1</sup> The ISO has commenced a review of its rerun procedures, as well as the requirements for the various phases of the refund process set forth by the Commission, in order to identify any opportunities that might exist for expediting either the rerun or any other phase of the refund process. The ISO will provide the results of that review as soon as it is completed.

The ISO has also begun a process of identifying any additional issues that need to be resolved in order to complete the rerun calculations. Consistent with the Commission's direction, the ISO will bring to the Commission's attention any such issues that are identified, as they are identified.

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<sup>1</sup> The ISO did not choose a date specific due to the fact that it did not know, at that time, when the Commission would issue an order with respect to the treatment of CERS transactions.

Respectfully submitted,

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Regulatory Counsel

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Dated: May 14, 2004

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list for the captioned proceeding, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA, on this 14<sup>th</sup> day of May, 2004.

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Gene L. Waas