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May 4, 2007

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: California Independent System Operator Corporation  
Docket No. ES07-20-000**

Dear Secretary Bose:

On February 9, 2007, the California Independent System Operator Corporation ("ISO") filed, in the captioned proceeding, an application under Section 204 of the Federal Power Act for a Commission order authorizing the ISO to issue bonds in an amount not to exceed \$60 million ("Application"). On March 9, 2007, the ISO filed the borrowing resolution of the ISO Governing Board that authorized ISO Management to proceed with the bond offering. The Commission approved the Application by a letter order issued on March 30, 2007, 118 FERC ¶ 62,250 ("Order"). The bond offering took place on April 5, 2007.

As required by the Order and Sections 34.10 and 131.43 of the Commission's regulations, 18 C.F.R. §§ 34.10, 131.43, the ISO hereby submits a "Report of Securities Issued" attached hereto as Exhibit 1.

The ISO notes that, as required by the Order, the bond issuance and use of proceeds from the issuance will comply with the four restrictions set forth by the Commission in its *Westar* order.<sup>1</sup>

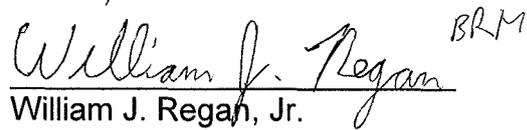
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<sup>1</sup> *Westar Energy, Inc.*, 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003).

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If the Commission should have any further inquiries concerning this matter, communication may be directed to me by telephone at (916) 351-4450 or to the ISO Treasurer, Philip Leiber, at (916) 351-2168.

Respectfully submitted,

 *William J. Regan* <sup>BRM</sup>

William J. Regan, Jr.  
Chief Financial Officer  
California Independent System  
Operator Corporation

 *Bradley R. Miliauskas*

Kenneth G. Jaffe  
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**Counsel for the California  
Independent System Operator  
Corporation**

**EXHIBIT 1**

**California Independent System Operator Corporation**  
**REPORT OF SECURITIES ISSUED**

**Reference:**  
 Section 204 Application filed February 9, 2007  
 Approved by the Commission on March 30, 2007  
 Security Issuance Date: April 5, 2007

**Description of security.....**

California Infrastructure and Economic Development Bank  
 Variable Rate Demand Bonds  
 (California Independent System Operator Corporation Bonds)  
 2007 Series A: \$30,000,000  
 2007 Series B: \$30,000,000

Variable rate demand bonds supported by bond insurance and a standby bond purchase agreement (liquidity line).

Description	Amount			Notes
	Series A	Series B	Total	
1. Face value or principal amount .....	30,000,000	30,000,000	60,000,000	
2. Plus premium or less discount .....	-	-	-	
3. Gross proceeds .....	30,000,000	30,000,000	60,000,000	
4. Underwriter's spread or commission .....	80,000	30,000	110,000	Note 2
5. Securities and Exchange Commission registration fee .....	-	-	-	
6. State mortgage registration tax .....	-	-	-	
7. State commission fee .....	1,500	1,500	3,000	Note 3
8. Fee for recording indenture .....	-	-	-	
9. United States document tax .....	-	-	-	
10. Printing and engraving expenses .....	1,600	1,600	3,200	
11. Trustee's charges .....	2,500	2,500	5,000	
12. Counsel fees .....				
Bond Counsel	50,000	50,000	100,000	
Trustee Counsel	5,000	5,000	10,000	
Liquidity Bank Counsel	12,500	12,500	25,000	
Issuer Counsel	15,000	15,000	30,000	
Issuer Counsel/Regulatory	7,500	7,500	15,000	
Underwriter Counsel	27,500	27,500	55,000	Note 3
13. Accountant's fees .....	-	-	-	
14. Cost of listing .....				
CUSIP	71	71	142	Note 3
DTC	143	143	285	Note 3
15. Miscellaneous expenses of issue .....				
Rating Agency Fees-1st Agency	14,625	14,625	29,250	
Rating Agency Fees-2nd Agency	12,500	12,500	25,000	
Credit Facility Arrangement Fee and Agency Fee (Liquidity Bar	15,000	15,000	30,000	
Pricing Agent	15,050	15,050	30,100	
Conduit Issuer Application Fee	750	750	1,500	
Conduit Issuer Fee	26,050	26,050	52,100	
Conduit Issuer Annual Fee	250	250	500	
Agent's Fee (State Treasurer's Office)	2,700	2,700	5,400	
Bond Insurer Premium	141,451	141,451	282,902	
Other Underwriter Expenses				
Day Loan	-	-	-	
BMA/SIFMA, GASB, CalPSA	1,350	1,350	2,700	Note 3
Travel, Meals, Courier, Miscellaneous	1,965	1,965	3,930	Note 3
Miscellaneous/Contingency	5,950	5,950	11,900	Note 1
16. Total deductions .....	440,955	390,955	831,909	
17. Net amount realized .....	29,559,045	29,609,045	59,168,091	
Less:				
Debt Service Reserve Fund	3,000,000	3,000,000	6,000,000	
Equals: Funding available to California ISO	<u>26,559,045</u>	<u>26,609,045</u>	<u>63,168,091</u>	
Consisting of:				
Capitalized Interest Fund	58,808	58,808	117,615	
Project/Construction Fund	26,500,238	26,550,238	53,050,476	

**Notes:**

1 Cost of Issuance and Underwriter's Discount per the Official Statement were \$736,035 and \$175,057 respectively, for a total of \$911,092.  
 See <http://www.munios.com/download/2007/CAInfrastructure2-OS.pdf>

	Per O/S	Final	Difference
Project Fund	52,971,293	53,050,476	79,183
Issuance Costs			-
Capitalized Interest	117,615	117,615	-
Debt Service Reserve	6,000,000	6,000,000	-
Underwriter's Discount	175,057	175,057	-
Bond Insurance Premium	291,452	282,902	(8,550)
Credit Facility Fee	81,952	30,000	(51,952)
Other Issuance Costs	362,631	343,950	(18,681)
Subtotal, issuance costs	911,092	831,909	(79,183)

Lower issuance costs result in higher project fund deposit

**Other Issuance Costs Consisting of:**

A. Misc. /Contingency (\$16,481 estimate in O/S, and \$11,900 final)	(4,581)
B. Issuer/Regulatory Counsel (\$20,000 estimate in O/S, and \$15,000 final)	(5,000)
C. CIEDB Fee (\$58,000 estimate in O/S, and \$54,100 final)	(3,900)
D. Pricing Agent (\$30,000 estimate in O/S, and \$30,100 final)	100
E. Printing/Mailing (\$7,000 estimate in O/S, and \$3,200 final)	(3,800)
F. Other	(1,500)
	(18,681)

2 Underwriter's spread or commission consists of "management fee and takedown" and excludes other expenses paid by the underwriter totaling \$65,057 (see note 3). Such underwriter's expenses were also a cost of issuance paid from bond proceeds.

3 These constitute "underwriter's expenses" totaling \$65,057.

**California Independent System Operator Corporation  
REPORT OF SECURITIES ISSUED**

**Reference:**

Section 204 Application filed February 9, 2007  
Approved by the Commission on March 30, 2007  
Security Issuance Date: April 5, 2007

	Series A	Series B	Total
<b>Requirements: [Order 575, 60 FR 4855, Jan. 25, 1995]</b>			
(a) Par or stated value of securities;	Initially authorized denominations of \$100,000 or any integral multiples of \$5,000 in excess thereof.		
(b) Number of units (shares of stock, number of bonds) issued;	See above.		
(c) Total dollar value of the issue;	30,000,000	30,000,000	60,000,000
(d) Life of the securities, including maximum life and average life of sinking fund issue;	Average life of the bonds is 4.7 years. Duration is 4.2 years. Maximum life is 5.8 years. The retirement schedule and bonds outstanding at each repayment date are shown below.		

<u>Outstanding-Close of Business on:</u>	Series A	Series B	Total
4/5/2007	30,000,000	30,000,000	60,000,000
2/1/2008	30,000,000	30,000,000	60,000,000
2/1/2009	30,000,000	30,000,000	60,000,000
2/1/2010	27,250,000	27,250,000	54,500,000
2/1/2011	17,750,000	17,750,000	35,500,000
2/1/2012	10,100,000	10,100,000	20,200,000
2/1/2013	-	-	-
<u>Redemptions</u>			
2/1/2008	-	-	-
2/1/2009	-	-	-
2/1/2010	2,750,000	2,750,000	5,500,000
2/1/2011	9,500,000	9,500,000	19,000,000
2/1/2012	7,650,000	7,650,000	15,300,000
2/1/2013	10,100,000	10,100,000	20,200,000

(e) Dividend or interest rate;	<p>Interest rate is variable, and is reset weekly by the bond remarketing agents. California ISO has entered into an interest rate swap covering 100% of the outstanding principal amount of the bonds where</p> <p>California ISO pays 3.468% to the counterparty in exchange for a variable payment stream that is intended to cover the interest payable on the bonds.</p> <p>The "all-in" cost of the bonds to the California ISO will be approximately 4.1%.</p>
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<b>Requirements:</b> [Order 575, 60 FR 4855, Jan. 25, 1995]			
(f) Call provisions;	The bonds may be redeemed prior to the scheduled redemption date on any Interest Payment Date at a redemption price equal to 100% of the principal amount thereof.		
(g) Sinking fund provisions;	The California ISO deposits monthly with the Bond Trustee 1/12 of the required annual principal redemption amount as shown in item (d).		
(h) Offering price;	Offered at par.		
(i) Discount or premium;	None		
(j) Commission or underwriter's spread;	The Commission/underwriter's spread was \$248,920 comprised of Management fee and takedown fee. Other underwriting expenses of \$88,150 are in addition to the \$248,920 and are detailed on the previous page.		
(k) Net proceeds to company for each unit of security and for the total issue;	26,559,045	26,609,045	53,168,091
	Note that the net proceeds amount excludes funds contributed to the "Debt Service Reserve Fund" ("DSRF"). The DSRF of \$6,000,000 will be held by the bond Trustee and used to repay bond obligations due on 2/1/2013.		
(l) Net cost to the company for securities with a stated interest or dividend rate.	The bonds do not have a stated interest rate. California ISO expects that the "all-in" cost of interest will be approximately 4.1% over the life of the bonds. See item (e).		

**CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing document upon all parties on the official service list compiled by the Secretary in the above-captioned 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 Folsom, California this 4<sup>th</sup> day of May, 2007.

*Grace Arupo* <sup>BRM</sup>  
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Grace Arupo