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November 30, 2005

BY MESSENGER

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20246

RE: Compliance Refund Report of California Independent System Operator, Docket Nos. ER04-115-002, et. al.

Dear Secretary Salas:

Pursuant to Paragraph 7 of the Commission's "Order Approving Uncontested Settlement," issued on September 22, 2005 in the above-captioned proceeding, the California Independent System Operator ("CA ISO") hereby provides with compliance report.

The CAISO is required to refund certain Grid Management Charge ("GMC") payments to San Diego Gas and Electric Company ("SDG&E") as provided in Section 5.1 of a May 20, 2005 SWPL Settlement Agreement ("Settlement"). Per Section 5.1.5, the CAISO was to make refunds for two distinct periods, GMC Period 1 (January 1, 2001 through December 31, 2004) and GMC Period 2 (January 1, 2005 to the effective date of the SWPL Operations Agreement). In order to conclude the refunds in the most expeditious manner, the CAISO refunded, with interest, SDG&E's GMC payments for both periods on November 1, 2005. The GMC refund amounts by period are detailed in Attachment A. The refunds and interest payments were effectuated through a reduction in the CAISO's Operating Reserve account and did not require an adjustment to the previous GMC bills of other Scheduling Coordinators.

As required in Section 5.1.7 of the Settlement, the CAISO invoiced SDG&E for

the Line Operator Charge for these same periods. Concurrent with the refunding of GMC, SDG&E paid the Line Operator Charge. The CAISO reflected the Line Operator Charge payments as an increase in Operating Reserve account. As shown in Attachment A, before interest, the Line Operator Charge was \$1.0 million for GMC Period 1 and \$1.2 million for GMC Period 2.

Included in a separate attachment to this filing, pursuant to Commission Order Nos. 630 and 630-A,¹ is a sealed copy of the non-public portions of Attachment A, specifically the amount of the GMC charged to SDG&E in 2005. The ISO is seeking privileged treatment for this information under 18 C.F.R. § 388.112, because it contains confidential information regarding the charges incurred by a specific CAISO customer. Because public disclosure of this information would unnecessarily reveal commercially sensitive information, the ISO submits that these numbers should be exempt from public exposure and should be granted privileged treatment.

* * *

One original and fourteen copies of this compliance report are enclosed for the Commission's use. Two additional copies have been included to be date/time stamped and returned to our messenger. Thank you for your assistance with this matter.

Respectfully submitted,



Kenneth G. Jaffe
Ronald Minsk
Counsel to California Independent System
Operator Corp.

¹ *Critical Energy Infrastructure Information*, Order No. 630, FERC Stats. & Regs. ¶ 31,140, *order on reh'g*, Order No. 630-A, FERC Stats. & Regs. ¶ 31,147 (2003).

Attachment A
SWPL Settlement Agreement
GMC Refund and Line Operator Charge Amounts
PUBLIC VERSION

(Privileged Information Redacted Pursuant to 18 CFR § 388.112)

	Amounts	Interest	Totals
January 1, 2001 – December 31, 2004			
<u>GMC Refund</u>	(\$ 7,534,524)	(\$ 873,453)	(\$8,407,977)
<u>Line Operator Charge</u>	\$1,000,000	\$134,908	\$1,134,908
January 1, 2005 – September 30, 2005			
<u>GMC Refund</u>			
<u>Line Operator Charge</u>	\$1,182,750	\$22,411	\$1,205,161
<u>Total GMC Refund</u>			
<u>Total Line Operator Charge</u>	\$2,182,750	\$ 157,319	\$2,340,069
<u>Net Change in ISO Operating Reserve</u>			

Notes:

1. Interest was calculated monthly and compounded quarterly at FERC rates from the invoice month to October 31, 2005.
2. Sums may not equal totals due to rounding.

Certificate of Service

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceedings, 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 30th day of November in the year 2005 at Folsom in the State of California.

/s/ Beth Ann Burns

Beth Ann Burns