

**California Independent System Operator  
Pacific Gas and Electric Company's  
Notice of Submission and Summary of Statement of Claim  
Pursuant to the ISO Tariff § 13.2.2**

Take notice that on June 10, 2004, Pacific Gas and Electric Company (Company) submitted to the California Independent System Operator Corporation (ISO), the ISO Governing Board, the Chair of the ISO Governing Board and the American Arbitration Association (AAA) a Statement of Claim pursuant to the ISO Tariff § 13.2.2. The Statement of Claim alleges that since 2001, the ISO has improperly billed the Company for charge types 591, 592 and 595 (Emissions, Startup, and Minimum Load Compensation). The charges are related to non-ISO controlled grid transactions on the California Oregon Transmission Project (COTP) and the so-called "Bubble" transactions representing the behind the meter activity of the Western Area Power Administration (WAPA) and the Sacramento Municipal Utility District (SMUD).

Company claims that it has no liability for COTP or Bubble scheduled transactions and any related ISO charges; that, in accord with the ISO Tariff and FERC precedent, the ISO has no jurisdiction to impose charges on either the COTP or the Bubble transactions because they reflect flows occurring on facilities outside of the ISO controlled grid.

The Company seeks reimbursement of approximately \$9,000,000.00 in charges (and accruing at a rate of \$500,000.00 per month) that the ISO lacked any tariff or contract right to impose on the Company, plus interest, and any other relief deemed just and reasonable.

The Company requests that the following individuals be designated for communications:

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