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October 25, 1999

Media Office  
PO Box 7442  
San Francisco, CA 94120**VIA FACSIMILE**Ms. Nicolle Billmyre  
Senior Case Manager  
American Arbitration Association  
13455 Noel Road  
1750 Two Galleria Tower  
Dallas, TX 75240Re: Reliant Energy, et al. v. California Independent System Operator  
Case No. 71 198 00295 99

Dear Ms. Billymre:

By letter dated October 13, 1999 you requested parties to notify the Association by October 25, 1999 of their mutually-agreed upon arbitrator in the above matter as required by the California Independent System Operator Corporation's ("ISO") Alternative Dispute Resolution Procedure Rule 13.3.1.2.

Pacific Gas and Electric Company ("PG&E") submits this response on behalf of PG&E and San Diego Gas & Electric Company ("Counter-Claimants"). Although Counter-Claimants understand that Reliant and the ISO have been engaged in some efforts to select an arbitrator, Counter-Claimants, although parties to this proceeding, have been excluded from and therefore object to that selection process. Counter-Claimants' interest in this case, which was asserted even before any demand for arbitration was made, is direct and substantial; indeed, Counter-Claimants are among those responsible for paying Reliant's and the ISO's bills. As such, Counter-Claimants must have a direct say not only in how this case is decided but also in who will decide it.

Counter-Claimants object to their continued exclusion from selection of an arbitrator in this case and request the Association to include all parties, including Counter-Claimants, in any further efforts to select either a single or party-designated arbitrator in accordance with Rule 13.3.1.2.

Yours very truly,

A handwritten signature in cursive script, appearing to read 'A. Reid'.

Alice L. Reid  
ALR:ifr