

APPENDIX A



California Independent
System Operator

November, 20, 2001

Mr. Pete Garris
Acting Deputy Director
Mr. James E Olson
Controller
California Energy Resources Scheduling
3310 El Camino Avenue Suite 120
Sacramento, CA 95821-9001

Gentlemen:

As directed by the Federal Energy Regulatory Commission ("FERC") in its November 7, 2001 order, please find enclosed invoices for past due amounts, now attributed to the California Department of Water Resources ("CDWR"), which are owed to the ISO and ISO market participants for the period of January 17 through July 31, 2001. The past due amounts are for transactions in ISO markets on behalf of Pacific Gas and Electric Company and the Southern California Edison Company (collectively, the "IOUs"). The invoices reflect both unpaid amounts previously invoiced to the IOUs and amounts for which CDWR has already been reimbursed by the market.

The amounts owed to ISO markets by the IOUs for the period of January 17 through July 31, 2001 total approximately \$3.6 billion. CDWR, in turn, is owed approximately \$2.7 billion of this total amount. As a result, CDWR owes approximately \$955 million for transactions in ISO markets on behalf of the IOUs for this period. Amounts owed for August 2001 have already been invoiced to the IOUs. The ISO will invoice CDWR for any unpaid amounts for August, for disbursement on February 14, 2002. The ISO will invoice CDWR directly for amounts that come due for the months of September and October and settle such accounts pursuant to the existing ISO settlement and billing process.

The monthly summary invoice, reflecting IOUs and CDWR accounts, is supported with printed copies of the line-item invoices previously provided to the IOUs. Settlement statement details will be provided directly to CDWR as the Scheduling Coordinator for these line-item invoices to allow the same level of validation afforded all Scheduling Coordinators.

The ISO has prepared these invoices in accordance with the ISO Tariff settlement and billing procedures to the extent possible. Due to the unique challenge of settling some seven months of past due accounts and the various agreements between the IOUs, CDWR and the ISO, certain modifications to ISO Tariff procedures have been required. In as much as no mechanism exists to separate the scheduling and billing of the IOU net short position from other IOU scheduling activities, this invoice reflects all IOU scheduling activity.

CAISO
151 Blue Ravine Road
Folsom, California 95630
(916) 351-4400

The ISO has opened a separate CDWR account to receive funds from CDWR in order to assure that all funds are received are clearly identified. This account number is provided on each monthly summary invoice provided to CDWR and payments should be wired to this account only. We note that CDWR has agreed to submit its first payment, for the amounts due for February 2001, on or before December 6, 2001.

Thank you for your prompt attention to the invoices we are providing. Please do not hesitate to contact me if you have any questions.

Sincerely,

Spence Gerber
Director of Settlements

cc: William Regan
Charles Robinson
Margaret Rostker

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SUMMARYCDWR INVOICED AMOUNTS
Jan 17 to Jul 31, 2001

Market Transactions				
Date	IOU Market Total (1)	CDWR Invoiced (2)	CDWR Disbursement (3)	Net Invoice Amount (4)
Jul-01	\$62,882,852.28	-\$29,680,480.59	\$4,006,258.77	\$37,208,630.46
Jun-01	\$173,708,026.80	-\$32,265,288.52	\$5,653,356.67	\$147,096,094.95
May-01	\$538,404,786.68	-\$562,277,538.88	\$53,861,560.83	\$29,988,808.63
Apr-01	\$694,316,721.40	-\$719,931,152.01	\$66,623,478.46	\$41,009,047.85
Mar-01	\$792,928,119.18	-\$713,340,619.01	\$46,762,409.92	\$126,349,910.09
Feb-01	\$963,338,664.01	-\$607,618,096.74	\$35,298,091.36	\$391,018,658.63
Jan 17 - 31 2001	\$347,292,679.72	-\$207,293,281.26	\$2,986,048.31	\$142,985,446.77
Total	\$3,572,871,850.07	-\$2,872,406,457.01	\$215,191,204.32	\$915,656,597.38

Grid Management Charges				
Date	IOU GMC Billed (5)	IOU GMC Paid (6)		Net Invoice Amount (7)
Jul-01	\$11,237,664.48	-\$8,797,609.03		\$2,440,055.45
Jun-01	\$11,573,650.57	-\$9,088,168.54		\$2,485,482.03
May-01	\$12,631,433.03	-\$9,705,164.06		\$2,926,268.97
Apr-01	\$12,920,740.64	-\$8,342,006.68		\$4,578,733.96
Mar-01	\$13,409,745.85	-\$1,955,199.75		\$11,454,546.10
Feb-01	\$13,814,235.91	\$0.00		\$13,814,235.91
Jan-01	\$7,079,684.66	-\$4,483,805.62		\$2,595,879.04
Total	\$82,667,155.14	-\$42,371,953.68	\$0.00	\$40,295,201.46
Grand Total				\$955,951,798.84

- (1) Total invoiced amounts owed to market by PG&E and SoCal Edison
- (2) Amounts owed to CDWR for market transactions
- (3) Amounts remitted to CDWR for market transactions
- (4) Net unpaid market amounts invoiced to CDWR
- (5) Monthly Grid Management Charges billed to PG&E and SoCal Edison
- (6) Monthly Grid Management Charges collected from PG&E and SoCal Edison
- (7) Net unpaid GMC amounts invoiced to CDWR