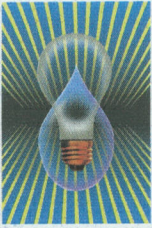


COLTON



Public Utilities

June 22, 2012

Ms. Daune Kirrene
Sr. Contracts Negotiator
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

**SUBJECT: CITY OF COLTON – PARTICIPATING TRANSMISSION OWNER
NOTICE OF INTENT**

Dear Ms. Kirrene:

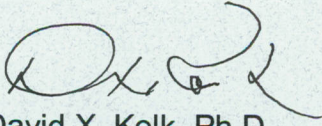
In accordance with Section 2.2 of the Transmission Control Agreement, the City of Colton hereby provides notice to the California Independent System Operator Corporation (“CAISO”) of Colton’s intent to become a Participating Transmission Owner (“PTO”) pursuant to the CAISO’s Operating Agreement and Tariff (“CAISO Tariff”). Colton intends to become a PTO effective January 1, 2013, subject to the following:

- Colton must determine that it will receive adequate recovery of its costs related to its transmission entitlements proposed to be transferred to the Operational Control of the CAISO;
- Colton must be authorized by its governing body to enter into any agreements required for Colton to become a PTO pursuant to the Transmission Control Agreement and the CAISO Tariff; and
- Colton must determine that adequate provisions have been made for Colton to conclude that transferring Operational Control of its transmission entitlements to the CAISO will not adversely affect the tax exempt nature of the bonds issued to finance the facilities from which such entitlements derive.

Enclosed please find a compact disk containing Colton's application for PTO status, a proposed Transmission Owner Tariff, as well as the supporting documents required by Section 2.2.1 (ii) of the Transmission Control Agreement.

If you have any questions regarding this matter, please do not hesitate to contact me at dkolk@ci.colton.ca.us or (909) 370-6196.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Kolk', with a stylized flourish at the end.

David X. Kolk, Ph.D.
Electric Utility Director

c: Mr. David Timson, CAISO (w/attachments)
Existing Participating Transmission Owners (w/attachments)

/Attachments