

**FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426**

In Reply Refer To:
Docket No. ER02-250-000
ER02-527-000
ER02-479-000

Swidler Berlin Shereff Friedman, LLP
Attn: J. Phillip Jordan, Esq.
3000 K St., NW
Suite 300
Washington, DC 20007

Pacific Gas and Electric Company
Attn: Stephen Metague
77 Beale St., B30A
San Francisco, CA 94105

Dear Mr. Jordan and Mr. Metague:

You filed an Offer of Settlement and Settlement Agreement (“Settlement”) on behalf of the California Independent System Operator Corporation (“ISO”) in the above-referenced docket on October 17, 2002. The Settlement reflects a comprehensive settlement of all but one issue in this proceeding.¹

Comments were filed by _____ on _____, 2002. Reply Comments were filed by _____ on _____, 2002. The Presiding Administrative Law Judge certified the Settlement on _____, 2002.

The Settlement is fair and reasonable and in the public interest and is hereby approved without modification. The tariff sheets submitted with the Settlement are accepted for filing and are designated and made effective as shown on the Enclosure. The Commission’s approval of this Settlement does not constitute approval of, or precedent regarding, any principal or issue in this proceeding. The Commission retains the right to investigate the rates, terms, and conditions under the just and reasonable and not unduly discriminatory or preferential standard of Section 206 of the Federal Power Act, 16 U.S.C. § 824c.

¹ One issue of importance to San Diego Gas & Electric Company (“SDG&E”) related to the Southwest Power Link is not resolved by the Settlement, but this does not prevent the termination of this proceeding.

As specified in Sections 3.1 and 15.1 of the Settlement, any amounts collected in excess of the settlement rates shall be refunded within thirty (30) days from the date that this order is no longer subject to re-hearing. Within fifteen (15) days after making such refunds, the ISO shall file with the Commission a compliance report showing monthly billing determinants, revenue receipt dates, revenues under the prior, present and settlement rates, the monthly revenue refund, and the monthly interest computed, together with a summary of such information for the total refund period. The ISO shall furnish copies of the report to the affected customers and each state commission within whose jurisdiction the wholesale customers distribute and sell electric energy at retail.

This letter terminates Docket Nos. ER02-250-000, ER02-527-000, and ER02-479-000. A new subdocket will be assigned in Docket No. ER02-250 upon receipt of the required compliance refund report.

Secretary

cc: All parties of record