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May 21, 2003

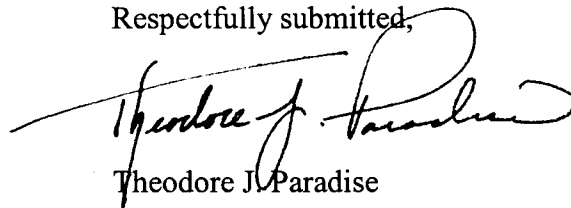
The Honorable Magalie R. Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20462

*Re: California Independent System Operator Corporation,  
Docket Nos. ER02-250-000, et al.*

Dear Secretary Salas,

Enclosed with this transmittal letter, please find an original and six copies of a stipulation regarding the grid management charge settlement agreement in the above captioned dockets. This stipulation is being submitted by the California Independent System Operator Corporation on behalf of parties to that settlement. Two additional copies are enclosed to be date stamped and returned to our messenger. Thank you for your assistance with this matter.

Respectfully submitted,



Theodore J. Paradise

Counsel for the California Independent  
System Operator Corporation

CC: Service List

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>California Independent System Operator Corporation</b>	)	<b>Docket Nos.</b>	<b>ER02-250-000</b>
	)		<b>ER02-527-000</b>
<b>Pacific Gas and Electric Company</b>	)	<b>Docket No.</b>	<b>ER02-479-000</b>
	)		

**SETTLEMENT AGREEMENT STIPULATION**

**I. Introduction**

On October 17, 2002, the California Independent System Operator Corporation, Southern California Edison Company, and Pacific Gas and Electric Company submitted a settlement agreement (“GMC Settlement”) to the Commission in the above-captioned dockets. The GMC Settlement was either supported or unopposed by all intervening parties and no protests of the GMC Settlement were filed with the Commission. The Commission approved the GMC Settlement by letter order dated December 26, 2002.

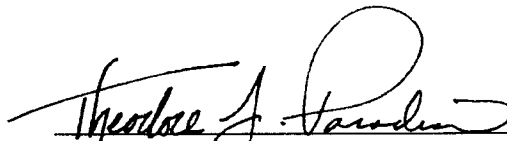
Article XIV of the GMC Settlement requires the rates, terms and conditions of the 2002 and 2003 GMC to be conformed to the Commission’s opinion in Docket Nos. ER01-313-000, *et al.*,<sup>1</sup> Article XIV further requires that the parties to the GMC Settlement meet within 10 days of a Commission opinion if it appears that the terms of such an opinion would result in the under-recovery of the ISO’s gross revenue requirement. Finally, Article XIV allows 30 days from the date of a Commission opinion for parties to file an amended settlement agreement, if necessary.

**II. Stipulation**

The parties to the GMC Settlement met via telephone conference call on May 12, 2003 (within the 10 day period required by Article XIV of the Settlement) to review the impact of the

May 2 Opinion on the GMC Settlement. In the course of that call, several parties stated that they intended to submit petitions for rehearing and clarification of the May 2 Opinion. The parties agreed that, at this time, it is not clear whether and to what extent the May 2 Opinion might affect the 2002 Settlement.. Parties to the GMC Settlement have therefore agreed that the deadlines specified in Article XIV regarding amending the GMC Settlement shall run from the date of release of a final Commission opinion on rehearing and clarification.

Respectfully submitted



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Dated: May 21, 2003

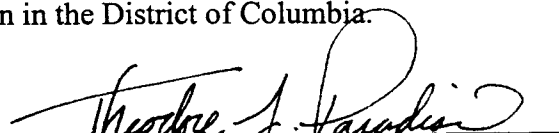
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<sup>1</sup> *California Independent System Operator Corporation, et al.*, 103 FERC ¶ 61,114 (2003) (“May 2 Opinion”).

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding. The forgoing document has also been served on the Public Utilities Commission of California, the California Energy Commission, the California Electricity Oversight Board, and all entities with effective Scheduling Coordinator Service Agreements under the ISO Tariff.

Dated this 21<sup>st</sup> day of May at Washington in the District of Columbia.

  
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