

Trans Bay Cable LLC
Application For
Participating Transmission Owner Status

1. Description of Trans Bay Cable LLC

Trans Bay Cable LLC ("TBC") is developing an approximately fifty-five mile, approximately 400 MW high voltage, direct current transmission line and associated facilities (the "Project") to establish a direct connection between Pacific Gas and Electric Company's ("PG&E") Pittsburg Substation located at a site adjacent to the City of Pittsburg, California in Contra Costa County and PG&E's Potrero Substation within the City of San Francisco. The transmission line will consist of an approximately 7,000 ton bundled cable consisting of a transmission cable, a fiber optic communications cable and a metallic return. The underwater portion of the transmission line will be laid by a ship or barge with special equipment in a single trench underneath San Francisco Bay. The remaining length of the transmission line (most likely a few hundred yards at either end of the line) will be buried underground, either through directional drilling or laid in a trench. In addition, the Project will involve the construction of two converter stations, one near each of the PG&E Substations to convert the alternating current received at the Pittsburg converter station to direct current and then back to alternating current at the Potrero converter station.

TBC will provide all funding for the development and construction of the Project. The City of Pittsburg's municipal utility entity, Pittsburg Power Company, holds an option to acquire ownership of the physical facilities of the Project coincident with the commercial operation date. TBC will receive all entitlements and transmission system rights ("TSRs") generated by the Project in accordance with the tariff and protocols of the California Independent System Operator Corporation ("ISO"). TBC owns no other TSRs in California other than those TSRs associated with the Project, as described herein. TBC intends, in accordance with the Transmission Control Agreement to be entered into by TBC and a Participating Transmission Owner Tariff ("PTO Tariff"), to turn over to the operational control of the ISO all transmission lines and associated facilities. TBC will use the revenues generated by the TSRs and the PTO Tariff to pay the operation, maintenance and other ongoing costs of the Project, to repay the construction and long-term debt incurred to finance the Project and to pay equity investors a return of and on their capital.

At present, TBC is the sole owner of the Project and has overall responsibility for the management of the Project throughout the development and construction phases. TBC is coordinating with the City of Pittsburg and Pittsburg Power Company through a Project Consultation Committee on all aspects of the development, financing and construction of the Project. TBC has assumed the full risk of development, is funding all development costs required in connection with the Project, and will arrange the financing (both debt and equity) needed to construct the Project. It is the expectation of TBC, the City of Pittsburg and Pittsburg Power Company that, at the time the Project is ready to enter commercial service, Pittsburg Power Company will exercise the option described above and acquire the Project assets for a nominal consideration. The City of Pittsburg is acting

as lead agency to coordinate the environmental review of the Project in compliance with CEQA.

A general map of the route of the Project is attached as Appendix A.

2. Description of TBC Transmission Entitlements

TBC has the sole right to all TSRs created by the Project pursuant to Section 5.1 of the Operating Memorandum dated May 16, 2005 entered into among TBC, the City of Pittsburg and Pittsburg Power Company. The Operating Memorandum was filed with and accepted for filing by the Federal Energy Regulatory Commission (the "FERC") in its Order Accepting Operating Memorandum dated July 22, 2005 (*Trans Bay Cable LLC*, 112 FERC ¶ 61,095 (2005), *request for clarification pending*). A copy of the filing made with the FERC which included the Operating Memorandum is attached as Appendix B.

3. Encumbrances

There are no Encumbrances as defined in the ISO Tariff with respect to the Project as of this time and TBC anticipates that there will be none as of the date the Project enters commercial service.

4. Transmission Lines and Facilities to be Placed Under ISO's Operational Control

TBC's only transmission interests in California are the TSRs associated with the Project described above. TBC will turn over operational control of the TSRs to the ISO as of the commercial operation date subject to TBC's right to receive the financial benefits associated therewith, in accordance with the ISO Tariff.

5. Reliability Criteria

TBC is not aware of any specific Local Reliability Criteria that are applicable to the entitlements identified in Section 2 above. The Project will meet the reliability requirements of the Western Electricity Coordinating Council ("WECC") and the North American Reliability Council ("NERC").

6. Maintenance

TBC, as the Participating Transmission Owner, will contract with Pittsburg Power Company to oversee the operation and maintenance of the Project, including administration of the operation and maintenance agreement with the chosen contractor, commencing as of the commercial operation date. Project facilities will be maintained consistent with all applicable ISO-approved maintenance practices and standards. Project documents and contracts will require conformance with all applicable ISO maintenance standards as set forth in the ISO Tariff, the Transmission Control Agreement, and all applicable WECC and NERC standards.

7. Temporary Waivers

Not applicable.

8. Voltage of Project Transmission Lines

TBC anticipates that all transmission lines constructed in connection with the Project will be high voltage facilities used exclusively to provide wholesale transmission service.

9. Proposed Transmission Owner Tariff

As the Project is presently in the development stage, with construction anticipated to begin in late 2006 following completion of permitting and financing, the final costs of the Project and the proposed PTO Tariff for the Project will be filed at a later date. As part of this application, TBC has attached a draft PTO Tariff as Appendix C. The final PTO Tariff will not go into effect until approved or accepted for filing by the FERC. In accordance with the Operating Memorandum described in Section 2, TBC has committed to file its Transmission Revenue Requirement ("TRR") and its proposed PTO Tariff with the FERC no later than ninety days prior to the anticipated commercial operation date for the Project. The TBC Project's commercial operation date is currently expected to be in early 2009.

10. Transmission Revenue Requirement Data Request Form

As discussed in Section 9, TBC has committed to file its TRR with the FERC no later than ninety days prior to the anticipated commercial operation date for the Project. The total cost of the Project is presently estimated to be \$300 million. Although there is contingency in that cost estimate, there are a number of costs that will be finalized over the upcoming months, including the costs of interconnecting with PG&E, site preparations, interconnection routes into the PG&E substations, installation of submarine cables, among others. The cost estimate is within the range of precision utilized by the San Francisco Stakeholder Study Group, organized by the ISO, to analyze transmission alternatives for the City of San Francisco and the surrounding San Francisco peninsula (+50%/-25%).

11. Address and Contact Names:

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12. Settlement Account

For confidentiality reasons, TBC will provide this information in a separate document.

13. MWh Demand Per Month

Not applicable.

14. Instructions for Encumbrances and Entitlements

Not applicable.

This application is respectfully submitted on this 13th day of January, 2006.

Signed,



David J. Parquet
Vice President
Trans Bay Cable LLC