

**SPECIFIC RESPONSE OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TO THE ALLEGATIONS CONTAINED IN THE NUMBERED PARAGRAPHS
IN THE COMPLAINT FILED BY THE WESTERN POWER TRADING FORUM**

The ISO hereby answers the specific allegations contained in the Western Power Trading Forum's ("WPTF") Complaint as follows:

1. The ISO admits that WPTF purports to be a California non-profit corporation with a broad-based membership, and a Web page: <http://wptf.org>. The ISO lacks sufficient information or knowledge to form a belief as to the truth of the remaining allegations contained in Paragraph 1 of the Complaint and, therefore, denies them.
2. The ISO admits the allegation contained in Paragraph 2 of the Complaint.
3. The ISO admits that some of WPTF member companies purchase services on the transmission facilities operated by the ISO.
4. The ISO admits the allegation contained in Paragraph 4 of the Complaint.
5. The ISO admits that it filed a settlement in April 1998 in Docket No. ER98-211-000, that the settlement contains paragraphs numbered 20 and 23, and that the Commission approved the settlement by letter order. The remainder of the Paragraph characterizes the documents and purposes of the parties and the ISO does not agree with such characterizations. Instead, the ISO's position on the matters discussed in Paragraph 5 is presented in its Answer to the Complaint. The ISO therefore denies the remainder of the allegations in Paragraph 5 of the Complaint.
6. The ISO admits that it made two filings on October 28, 1998, and that Enron Power Marketing, Inc. filed comments and an answer. The remainder of the Paragraph characterizes the documents and purposes of the parties and the ISO does not agree with such characterizations. Instead, the ISO's position on the matters discussed in

Paragraph 6 is presented in its Answer to the Complaint. The ISO therefore denies the remainder of the allegations in Paragraph 6 of the Complaint.

7. The ISO admits that the Commission issued an order in Docket No. ER99-473-000 that addressed the ISO's October 28, 1998, filings. The remainder of the Paragraph characterizes the order. The ISO's understanding of that order is presented in its Answer to the Complaint. The ISO therefore denies the remainder of the allegations in Paragraph 7 of the Complaint.

8. The ISO admits that on December 15, 1998, it submitted an informational filing in Docket No. ER99-921-000 showing a revised GMC as detailed in the allegation contained in Paragraph 8 of the Complaint.

9. The ISO admits that, pursuant to Section 206 of the FPA, the Commission has the authority to order refunds. The ISO also admits that the Commission indicated in its December 23 order, that it was accepting the ISO's filing in Docket No. ER99-473-000 as a Section 205 filing and that it stated the GMC would be subject to refund. However, the remainder of the Paragraph characterizes the Commission's order and the ISO disagrees with WPTF's characterizations. Instead, the ISO's position on the matters discussed in Paragraph 9 is presented in its Answer to the Complaint. The ISO therefore denies the remainder of the allegations in Paragraph 9 of the Complaint.

10. The ISO agrees that under Section 205 of the FPA the Commission lacks authority to grant refunds absent a rate increase and that the existing GMC rate is less than the preexisting rate and thus no refund is applicable. The remainder of the Paragraph presents characterizations of WPTF's legal rights and the ISO's position on those matters is discussed in its Answer to the Complaint. The ISO therefore denies the remainder of the allegations in Paragraph 10 of the Complaint.

11. The ISO agrees that under the existing GMC, customers with Existing Contracts pay a different rate than other customers, which may include some of the Complainants. The remainder of the Paragraph characterizes the impact of the existing GMC rate and the ISO does not agree with such characterizations. Instead, the ISO's position on the matters discussed in Paragraph 11 is presented in its Answer to the Complaint. The ISO therefore denies the remainder of the allegations in Paragraph 11 of the Complaint.

12. Paragraphs 12 and 13 present WPTF's legal conclusions and characterizations that the ISO denies as explained in its Answer to the Complaint.

13. The ISO admits that there are some parties paying the GMC that provide retail electricity service and that some of WPTF's members as well as other parties paying the GMC buy or sell electricity in wholesale markets. The remainder of the Paragraph presents WPTF's legal conclusions and characterizations that the ISO denies as explained in its Answer to the Complaint.

14. The ISO admits that TGAL, Inc. prepared a report dated October 1998 and that WPTF attached an excerpt of it to its Complaint. The remainder of Paragraph 15 presents WPTF's legal conclusions and characterizations that the ISO denies as explained in its Answer to the Complaint.

15. Paragraph 16 presents WPTF's legal conclusions and characterizations that the ISO denies as explained in its Answer to the Complaint.

16. The ISO denies the characterizations of the April 1998 settlement presented in Paragraph 17 as explained in its Answer to the Complaint.

17. The ISO admits that the language quoted in Paragraph 18 is properly quoted. The remainder of the Paragraph presents WPTF's legal conclusions and characterizations that the ISO denies as explained in its Answer to the Complaint.

18. Paragraphs 19 and 20 present WPTF's legal conclusions and characterizations that the ISO denies as explained in its Answer to the Complaint.