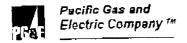
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July 9, 2004

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Re: PG&E v. CAISO: 74 Y 198 00625 04; Demand For Arbitration

Dear Senior Case Manager and ISO Representatives:

By this letter, Pacific Gas and Electric Company ("PG&E") formally tenders its Demand for Arbitration in the above-captioned matter, as described in the Statement of Claim filed with the American Arbitration Association and served on the California Independent System Operator Corporation ("ISO") on or about June 10, 2004.

PG&E is the Claimant in the matter and the ISO is the Respondent. To the best of PG&E's knowledge, the ISO representatives listed above are the ISO's representatives in this matter.

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PG&E's representative is Jeannette Woo, Principle Regulatory Analyst, Reliability Strategy & Power Contracts. Her mailing address is Pacific Gas and Electric Company, Mail Code B13J, P.O. Box 770000, San Francisco, CA 94177-0001; telephone 415.973.5097; facsimile 415.973.3068.

Counsel for PG&E are Mark D. Patrizio and Jennifer S. Abrams, mailing address: Paoific Gas and Electric Company, Law Department, P.O. Box 7442, San Francisco, CA 94120-7442; facsimile 415.973.5520. Mark's telephone number is 415.973.6344. My telephone number is 415.973.4462. In addition, my email address is <u>isad@pge.com</u>.

PG&E requests San Francisco as the hearing locale.

Sincerely,

Johnifer S. Abram Attomey at Law

Pacific Gas and Electric Company