

December 22, 1999

Honorable Joseph R. Nacy
Administrative Law Judge
Federal Energy Regulatory Commission
888 First St., NE
Washington, DC 20426

Re: Docket Nos. ER98-496-000, ER98-2160-000

Dear Judge Nacy:

On behalf of the active parties to these proceedings, I am writing to inform you that those parties are in agreement that the only issues that are the subject of scheduled hearing in these proceedings, and on which testimony need be filed on December 22 and the subsequent procedural dates in the schedules for these proceedings, are the issues identified by Judge Wagner in his October 18, 1999, order severing proceedings. These are the issues numbered 1, 3 and 4 in Section X.C of the Stipulation and Agreement filed in ER98-441-000 et al., on April 2, 1999 and subsequently approved by the Commission on May 28, 1999 (87 FERC ¶ 61,250) ("the Stipulation").

For all other issues in Section X.C of the Stipulation, the parties have reached agreement in principle either on their resolution or on a process to resolve them expeditiously without the need for a hearing in these proceedings. The parties intend to file a "second stipulation and agreement" embodying their agreements on these other issues by mid-January of 2000.

Yours truly,

Edward Berlin
Counsel for the California Independent
System Operator Corporation

copy: All Parties