CALIFORNIA INDEPENDENT SYSTEM OPERATOR

NOTICE OF SUBMISSION AND SUMMARY OF STATEMENT OF CLAIM PURSUANT TO TARIFF SECTION 13.2.2 BY CITY OF VERNON, CALIFORNIA

Please take notice that on February 1, 2001, the City of Vernon, California, in connection with its intervenor status in the arbitration proceeding, Cities of Anaheim, California, et al. ("Southern Cities") v. the California Independent System Operator Corporation ("ISO"), No. 71 198 000758 00, conducted under the auspices of the American Arbitration Association ("AAA"), submitted to the ISO, the ISO Governing Board, the Chair of the ISO Governing Board, and all parties to that proceeding a Statement of Claim pursuant to ISO Tariff Section 13.2.2 and Section 3.5.1 of the ISO Federal Energy Regulatory Commission Electric Tariff.

Vernon's Statement of Claim is submitted in connection with the Demand for Arbitration made by Southern Cities, alleging that the ISO improperly billed them for charges totaling approximately $1.5 million. Among other things, the Southern Cities allege that the ISO incorrectly characterized the charges as Intra-Zonal Congestion charges, when they were in fact related to voltage support for Reliability Must Run generation units, and thus the ISO did not apply the proper mechanism for recovery.

Vernon avers that the ISO billed it for $351,559.70 for the same type of charges characterized by the ISO in the same way. Vernon states that if the Southern Cities prevail, charges to Vernon in that amount should have the same treatment.

Vernon requests that the following individuals be designated for communications:

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