

**California Independent System Operator
Pacific Gas and Electric Company's
Notice of Submission and Summary of Statement of Claim
Pursuant to the ISO Tariff § 13.2.2**

Take notice that on October 5, 2000, Pacific Gas and Electric Company (Company) submitted to the California Independent System Operator Corporation (ISO), the ISO Governing Board, the Chair of the ISO Governing Board and the American Arbitration Association (AAA) a Statement of Claim pursuant to the ISO Tariff § 13.2.2. The Statement of Claim alleges that from April 1998 to April 1999, the ISO improperly billed the Company for charges amounting to \$14,172,337.08. The charges are related to non-ISO controlled grid transactions on the California Oregon Transmission Project (COTP) and the so-called "Bubble" transactions representing the behind the meter activity of the Western Area Power Administration (WAPA) and the Sacramento Municipal Utility District (SMUD).

Company claims that it has no liability for COTP or Bubble scheduled transactions and any related ISO charges; that, in accord with the ISO Tariff and FERC precedent, the ISO has no jurisdiction to impose charges on either the COTP or the Bubble transactions because they reflect flows occurring on facilities outside of the ISO controlled grid; and that the ISO improperly transferred COTP and Bubble related charges to the Company's "PGAE" Scheduling Coordinator ID and added those charges to the PGAE final bills after the preliminary invoices had been issued.

The Company seeks reimbursement of the \$14,172,337.08 in charges that the ISO lacked any tariff or contract right to impose on the Company, plus interest, and any other relief deemed just and reasonable.

The Company requests that the following individuals be designated for communications:

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