

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

SAN DIEGO GAS & ELECTRIC COMPANY'S NOTICE AND SUMMARY OF STATEMENT OF CLAIM PURSUANT TO CAISO TARIFF § 13.2.2

Please take notice that on July 6, 2001, San Diego Gas & Electric Company ("SDG&E") submitted to the California Independent System Operator ("CAISO"), the CAISO Governing Board, and the American Arbitration Association a statement of claim pursuant to CAISO Tariff §13.2.2. The statement of claim alleges that from April 1998 through the present, the CAISO has improperly charged, and continues to improperly charge SDG&E for transmission losses attributable to schedules by Arizona Public Service Company ("APS") and the Imperial Irrigation District ("IID") on their respective portions of the Southwest Powerlink. The statement of claim alleges that such charges violate the CAISO tariff and contracts, its fiduciary duty toward SDG&E, and Cal. Bus. Prof. Code § 17200, because, among other reasons, APS and IID deliver no energy to load in the CAISO control area or through the CAISO grid. The statement of claim further alleges that CAISO improperly assessed penalties for such transmission losses under Amendment 33 of the CAISO tariff from on or about December 12, 2000 through on or about March 23, 2001.

SDG&E seeks reimbursement for such improper charges for amounts in excess of \$17 million to date, for such additional improper charges as are imposed going forward, plus interest, costs and attorney fees, together with equitable and declaratory relief.

Please address notices and communications regarding this claim to the following persons:

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