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December 26, 2000

BY FACSIMILE AND FIRST CLASS MAIL

American Arbitration Association
(as delegated agent for the ISO ADR Committee)
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Re: Petition to Intervene of City of Vernon, California in December 7, 2000
Demand for Arbitration of the Cities of Anaheim, California, et al. Against
the California Independent System Operator Corporation

To Whom It May Concern at the American Arbitration Association:

Pursuant to the California Independent System Operator Corporation ("ISO") December 9, 2000 posting on the ISO internet web page of the December 7, 2000 "Demand for Arbitration" of the Cities of Anaheim, Azusa, Banning, Colton, and Riverside, California ("Southern Cities") against the ISO; Section 3 of Supplemental Procedure 3 published by the ISO in connection with Section 13 of the ISO Federal Energy Regulatory Commission ("FERC") Electric Tariff; the Commercial Arbitration Rules of the American Arbitration Association ("AAA"); and conversations with personnel of the AAA, the City of Vernon, California files its Petition to Intervene.¹

¹ The ISO Market Issues and Alternative Dispute Resolution Committee and its Chair have delegated their functions under the ISO Operating Agreement and Tariff filed with the FERC to

Section 3.1 of the ISO Supplemental Procedure 3 provides that any party whose interests may be affected by the outcome of an arbitration may file a petition to intervene within 15 days of the publication by the ISO of the Notice of the Demand for Arbitration.

Southern Cities December 7 Demand for Arbitration, as stated in detail therein, seeks recovery from the ISO of certain charges imposed by the ISO for trading days during February and March of 2000, which were stated by the ISO to be charges for Intra-Zonal Congestion. Southern Cities contend that that is not a proper classification of the charges at issue. Moreover, Southern Cities contend that even if such classification was proper, that application of such charges to certain Southern Cities transactions scheduled under the terms of certain Existing Transmission Contracts is improper.

Like the Southern Cities, Vernon has service under certain Existing Transmission Contracts and is a Scheduling Coordinator under the ISO FERC Electric Tariff. The ISO likewise, in the time period at issue, imposed upon Vernon charges said to be for Intra-Zonal Congestion. Furthermore, reclassification of the charges at issue or the application of them in a way different from the way they were imposed by the ISO, could affect the rates charged to Vernon. Therefore, Vernon has interests that may be affected by the arbitration, and its petition to intervene should be granted.

Vernon does not have enough information at this time to a specific position in support or opposition to the relief sought in the Demand for Arbitration, and reserves its rights to take positions thereon as the arbitration develops. See Section 3.5.1 of ISO Supplemental Procedure 3.

The following are Vernon representatives designated for service:

Mr. Bruce V. Malkenhorst
City Administrator/City Clerk
City of Vernon
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Vernon, California 90058
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the AAA. See ISO Supplemental Procedure Section 1.2. The Southern Cities December 7 Demand for Arbitration states that it was filed with the Dallas, Texas AAA office. Conversations with AAA personnel at that office indicate that the matter has not yet been assigned to particular AAA individuals or given a specific case number. The form and certain aspects of service of this Petition to Intervene were suggested by personnel of the AAA Dallas Office.

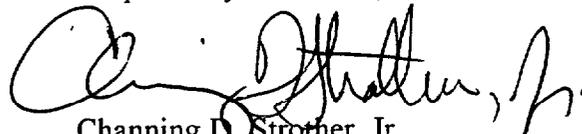
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The undersigned hereby certifies that service of this Petition to Intervene was made this same day, by facsimile (where a facsimile number is indicated), by first class mail, and in some cases by electronic mail, on the individuals indicated as "cc's" below.

Pursuant to Section 3.5.1 of ISO Supplemental Procedure 3, no fee is provided with this Petition to Intervene.

Please contact the undersigned with any questions or concerns.

Respectfully submitted,



Channing D. Strother, Jr.

Attorney for the
City of Vernon, California

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