

August 14, 2000

VIA MESSENGER

Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *Southern California Edison Co., California Independent System
Operator Corp., and El Segundo Power, LLC*, Docket Nos. ER98-441-021
and ER98-2550-004

*Pacific Gas and Electric Co., Duke Energy Moss Landing LLC, and
Duke Energy Oakland LLC*, Docket Nos. ER98-495-017,
ER98-1614-007, ER98-2145-007, ER98-2668-010,
ER98-2669-009, ER98-4296-007 and ER98-4300-007

San Diego Gas & Electric Co., Docket Nos. ER98-496-010 and
ER98-2160-008

*Southern California Edison Co., Pacific Gas and Electric Co., San Diego
Gas & Electric Co., Duke Energy Moss Landing LLC, Duke Energy
Oakland LLC*, Docket Nos. ER98-441-021, ER98-495-017,
ER98-496-010, ER98-4300-007, ER98-2668-010, ER98-2669-009,
ER98-4296-007

Duke Energy Moss Landing LLC and Duke Energy Oakland LLC,
ER98-2668-010, ER98-2669-009, ER99-1127-008, ER99-1128-008,
ER98-4296-007 and ER98-4300-007

Dear Secretary Boergers:

In accordance with the provisions of Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. § 385.602 (1999), Southern California Edison Company, the California Independent System Operator Corporation ("ISO"), Cabrillo Power I LLC, Cabrillo Power II LLC,

Duke Energy Moss Landing LLC, Duke Energy Oakland LLC, Duke Energy South Bay, LLC, El Segundo Power, LLC, Geysers Power Company, LLC, Pacific Gas and Electric Company, Reliant Energy Etiwanda, LLC, Reliant Energy Mandalay, LLC, San Diego Gas & Electric Company, Southern Energy Delta, L.L.C., Southern Energy Potrero, L.L.C., Williams Energy Marketing & Trading Company (with respect to the Alamitos, Huntington Beach, and Redondo Beach generating stations), and the California Electricity Oversight Board (collectively, the "Parties") submit this Offer of Settlement in connection with the above-referenced proceedings. The Public Utilities Commission of the State of California fully supports this Offer of Settlement.

This Offer of Settlement is a follow-up to an earlier partial settlement ("First Settlement") filed in these proceedings concerning Reliability Must-Run ("RMR") services in California. The First Settlement, filed on April 2, 1999, included a Stipulation and Agreement ("First Stipulation") that resolved many of the issues in these proceedings. The Commission approved this First Settlement on May 28, 1999.

This Offer of Settlement resolves, among the Parties, many of the remaining issues. The Parties worked toward settlement, both informally and as part of formal settlement proceedings before the Chief Administrative Law Judge (the "Chief ALJ") who has acted as a Settlement Judge in this matter under Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (1999). Accordingly, as provided by Rule 602, the Office of the Secretary should transmit this filing to the Chief ALJ. Enclosed are the original and fourteen (14) copies of the Offer of Settlement, comprised of this Transmittal Letter, an Explanatory Statement and a Stipulation and Agreement with appendices. Also enclosed are two extra copies to be date-stamped and returned to our messenger.

CONTENTS OF SUBMISSION

This submission includes:

- an Explanatory Statement (Attachment A);
- a Stipulation and Agreement, with appendices, which, among other things, includes a revised *pro forma* agreement containing terms and conditions to be used as the basis for Reliability Must-Run Rate Schedules for services to be provided to the ISO (Attachment B); and
- a draft letter order approving the settlement along with a diskette containing such in WordPerfect format (Attachment C).

In accordance with the provisions of Rule 602(c)(iii), the Parties submitting this Offer of Settlement state that this filing contains copies of, or references to, all documents relevant to this Offer of Settlement.

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SERVICE OF SUBMISSION

A copy of this submission is being served on all participants in the referenced proceedings and on all other persons required to be served by operation of Rule 602(d) of the Commission's Rules of Practice and Procedure.

NOTICE REGARDING FILING COMMENTS TO OFFER OF SETTLEMENT

In accordance with the provisions of Rule 602(d)(2), the Parties making this filing hereby notify all participants in these proceedings as well as all other persons required by Rule 602(d)(1) that Comments on the Offer of Settlement are to be filed on or before September 5, 2000, and Reply Comments are to be filed on or before September 13, 2000, unless other dates are provided by the Commission or the presiding officer. The Parties making this filing are requesting adherence to this comment period as provided in Rule 602(f)(2) in order to expedite the conclusion of a process that has taken over a year of delicate negotiations.

The Parties making this filing specifically direct the attention of persons served with this Offer of Settlement to Section 602(f)(3) of the Commission's Rules of Practice and Procedure, which provides that, "Any failure to file a comment constitutes a waiver of all objections to the offer of settlement."

REQUEST FOR WAIVER

The ISO respectfully requests waiver of Section 35.9 of the Commission's Regulations, 18 C.F.R. § 35.9, requiring the identification and numbering of rate schedules. The ISO is currently preparing its Tariff to bring it into full compliance with Order No. 614, the Commission's new rules for the designation of electric rate schedule sheets. Due to the voluminous nature of the Tariff, the ISO anticipates making its compliance filing within the next few months.

Respectfully submitted,

s/Richard L. Roberts
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Attorney for Southern California
Edison Company

s/Edward Berlin
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Attorney for California Independent
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s/John Gammie

John Gammie

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Signed and Dated this 14th day of August, 2000.

Enclosures