

**APPENDIX B: CITY OF VERNON'S
 ENCUMBRANCES**

POINT OF RECEIPT-DELIVERY	PARTIES	DIRECTION	CONTRACT TITLE	FERC NO.	CONTRACT TERMINATION	CONTRACT AMOUNT
1. COTP [1]	Vernon, PG&E		Transmission Service Exchange Agreement Between Pacific Gas & Electric Company and the City of Vernon	148	See Notes (1) – (3)	121 MW N-S 92 MW S-N
2.	PG&E, SCE, SDG&E, and COTP Participants		Coordinated Operation Agreement	146	Earlier of: 1/1/2043, agreement governing the interconnection of the COTP with PG&E is no longer in force, or any of the binding agreements terminate.	
<p>Contract Termination:</p> <p>(1) This Agreement may be terminated on July 31, 2007:</p> <ul style="list-style-type: none"> A. By PG&E with one year notice to Vernon if PG&E has not retained for the remaining term of this Agreement at least a 659 MW transmission entitlement in DC Line at NOB. B. By Vernon if PG&E's entitlement in the DC Line after July 2007 results in an arrangement for the operation of DC Line as to reduce transmission capability. C. If the DC Line or COTP facilities are retired. <p>(2) In the event City elects to participate in an alternative project that provides City with transmission capability between the Southern Terminus of COTP and Edison's system, City may terminate this Agreement by written notice to PG&E at least five (5) years in advance of such termination.</p> <p>(3) Otherwise, the Agreement remains in effect for fifty years from the effective date.</p>						

[1] PG&E is an existing PTO and a joint-owner of COTP. We believe documents relating to the COTP are submitted to the CAISO by PG&E.

Vernon has only minority ownership interests in the high voltage transmission facilities presently placed under the ISO's Operational Control by Vernon, which consist of Vernon's minority interests in COTP, MPP, MAP, and the Marketplace Substation/Expansion of and/or interconnection to these facilities require approval of the owners and/or the management committees of those facilities. Therefore, as the Commission determined in approving Vernon's TO Tariff in Docket No. EL00-105, 96 FERC ¶ 61,312 (September 14, 2001), Vernon does not have the legal authority to compel expansion of and/or interconnection to those facilities. Such encumbrances pertaining to Vernon's minority interests in the facilities turned over to ISO operational control that do not fit into the format of the table above are listed below:

Mead-Phoenix Project

1. Mead-Phoenix Project Joint Ownership Agreement and Definitions
2. Mead-Phoenix Project Fiscal Agency Agreement
3. Mead-Phoenix Project Construction Management Agreement
4. Mead-Phoenix Project Land Rights Agreement
5. Mead-Phoenix Project Operation Agreement
6. Mead-Phoenix Project, Mead-Westwing Transmission Line, Westwing Substation Interconnection Agreement (DWP No. 10408)
7. Mead-Phoenix Project, Mead Interconnection Agreement

Mead-Adelanto Project

8. Marketplace Substation Participation Agreement (DWP No. 10330)
9. Mead-Phoenix/Mead-Adelanto Projects, Marketplace-McCullough 500 kV Interconnection Agreement (DWP No. 10409)
10. Mead-Adelanto Project Joint Ownership Agreement and Definitions
11. Mead-Adelanto Project Fiscal Agency Agreement
12. Mead-Adelanto Project Construction Management Agreement (DWP No. 10335)
13. Mead-Adelanto Project Operation Agreement (DWP No. 10336)
14. Mead-Adelanto Project, Marketplace-Adelanto Transmission Line, Adelanto Switching Station Interconnection Agreement (DWP No. 10338)
15. Marketplace Static Var Compensator, Adelanto Switching Station Interconnection Agreement (DWP No. 10332)

California-Oregon Transmission Project

1. Interim Participation Agreement
2. Project Operation and Maintenance Agreement
3. COTP-Western Interconnection Agreement
4. Pacific Northwest Interim Interconnection Agreement
5. Memorandum of Understanding