



A  Semptra Energy utility™

James P. Avery
Senior Vice President
Electric Transmission

San Diego Gas & Electric
8330 Century Park Court
San Diego, CA 92123-1530

Tel: 858.650.6102
Fax: 858.650.6106
JAvery@SemptraUtilities.com

April 14, 2004

VIA CERTIFIED MAIL

Mr. Harold Ray
Southern California Edison
8631 Rush Street
Rosemead, CA 91770

Mr. Tom Evans
Public Utilities Director
Riverside Public Utilities
3900 Main Street
Riverside, CA 92522

Mr. Steve Sciortino
Integrated Resources Manager
City of Anaheim
201 South Anaheim Blvd, Suite 802
Anaheim, CA 92805

Re: Notice of Demand for Arbitration

Gentlemen:

The parties to the Second Amended San Onofre Operating Agreement (the "Agreement") have been unable to resolve their dispute concerning approval of the proposed 2004 San Onofre Nuclear Generating Station ("SONGS") Capital and Operation and Maintenance budgets and the related issue of whether or not Southern California Edison's proposed steam generator replacement project ("SGRP") should proceed. San Diego Gas & Electric Company ("SDG&E") hereby demands that these related issues be arbitrated pursuant to Section 21 of the Agreement.

If the arbitrator determines that the SGRP should proceed, SDG&E asks the parties to agree that the arbitrator should also decide whether or not an Operating Impairment exists and, if it does, how SGRP costs will be shared among the SONGS owners. SDG&E believes that it is in

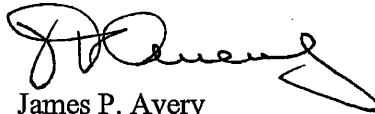
SONGS BOR Members

-2-

April 14, 2004

the Parties' interest to have all of these issues resolved as soon as possible so that the Parties can plan for their future resource needs accordingly. SDG&E suggests that within ten (10) days from today's date the legal representatives of the Parties confer to determine the terms of the arbitration.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Avery', with a stylized flourish at the end.

James P. Avery
Sr. Vice President, Electric Transmission

JPA/m