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August 12, 2009

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Filing of an Amendment to Rate Schedule No. 61
Docket No. ER09-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation ("ISO") submits for Commission filing and acceptance Amendment No. 1 to the California-Oregon Intertie ("COI") Control Area Operating Agreement between the ISO and the Sacramento Municipal Utility District ("SMUD").

I. Background

The original COI agreement between the ISO and SMUD was filed with the Commission on September 30, 2005, in Docket No. ER05-1522-000 and was designated as ISO Rate Schedule FERC No. 61. The Commission accepted the filing by an order issued on November 30, 2005.¹

¹ *California Independent System Operator Corp.*, 113 FERC ¶ 61,217 (2005).

II. Amendment No. 1

The ISO and SMUD entered into the COI agreement to provide for the continued reliable and coordinated operation of the COI. The purpose of Amendment No. 1 is to facilitate the following revisions to the COI agreement:

- Appendix A has been revised to reflect current contacts for notices.
- Schedule 1 has been revised to make a small modification to the percentage obligations of the ISO and SMUD for (1) power flow reduction measures that may be required by the path operator for the COI and (2) any sanctions that may be imposed on the path operator for the COI for operation of the COI. These percentage allocations have been modified to reflect that a small percentage of the facilities comprising the COI was transferred from the ISO's balancing authority area to SMUD's balancing authority area subsequent to the execution of the original COI agreement. These percentage allocations have also been modified in Amendment No. 5 to the Interconnected Control Area Operating Agreement between the ISO and SMUD to reflect the revision of these percentages in Amendment No. 1 to the COI agreement.²

III. Effective Date

The ISO requests that Amendment No. 1 to the COI agreement be made effective as of October 12, 2009, sixty-one days following the submittal of this filing.

IV. Expenses

No expense or cost associated with this filing has been alleged or judged in any judicial or administrative proceeding to be illegal, duplicative, unnecessary, or demonstratively the product of discriminatory employment practices.

V. Service and Contents of Filing

Copies of this filing have been served on SMUD, the California Public Utilities Commission, and all entities that are on the official service list for Docket No. ER05-1522. In addition, the filing has been posted on the ISO's website.

Enclosed for filing are six copies of each of the following:

- (1) this letter of transmittal;

² Amendment No. 5 to the Interconnected Control Area Operating Agreement is being filed in a separate docket on the same date as this filing of Amendment No. 1 to the COI agreement.

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- (2) the executed Amendment No. 1 (Attachment A);
- (3) the rate schedule sheets in the COI agreement that are revised by Amendment No. 1 (Attachment B); and
- (4) revisions to the COI agreement incorporating the changes contained in Amendment No. 1 shown in black-line format (Attachment C).

Also enclosed are two additional copies of this filing to be date-stamped and returned to our messenger.

VI. Correspondence

The ISO requests that all correspondence, pleadings and other communications concerning this filing be served upon the following:

Michael D. Dozier*
Senior Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-7048
Fax: (916) 608-7222
E-mail: mdozier@caiso.com

Bradley R. Miliauskas*
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The Atlantic Building
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Washington, DC 20004
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Fax: (202) 756-3333
E-mail: bradley.miliauskas@alston.com

* Individuals designated for service pursuant to 18 C.F.R. § 203(b)(3).

Respectfully submitted,



~~Sean A. Atkins~~
Bradley R. Miliauskas
Alston & Bird LLP
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950 F Street, NW
Washington, DC 20004

Nancy Saracino
General Counsel
Michael D. Dozier
Senior Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Attorneys for the California Independent System Operator Corporation

Attachment A – Executed Amendment No. 1

August 12, 2009

California-Oregon Intertie Control Area Operating Agreement

Between

Sacramento Municipal Utility District

And

California Independent System Operator Corporation

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
AND
SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**AMENDMENT NO. 1
TO THE
CALIFORNIA-OREGON INTERTIE CONTROL AREA OPERATING
AGREEMENT**

THIS AMENDMENT NO. 1 is dated this 6th day of August, 2009 and is entered into, by and between:

(1) **Sacramento Municipal Utility District** ("SMUD"), having its registered and principal executive office at 6201 S Street, Sacramento, California 95817;

and

(2) **California Independent System Operator Corporation** ("CAISO"), a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate, initially 151 Blue Ravine Road, Folsom, California 95630.

SMUD and the CAISO are hereinafter referred to as the "Parties."

Whereas:

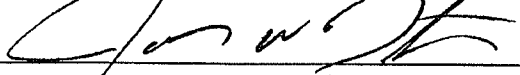
- A. The Parties are signatories to the California-Oregon Intertie Control Area Operating Agreement ("Operating Agreement"), which the CAISO filed with the Federal Energy Regulatory Commission ("FERC") on September 30, 2005 in Docket No. ER05-1522-000. By letter order issued November 30, 2005, FERC accepted it as original Rate Schedule FERC No. 61, with an effective date of December 1, 2005.
- B. The Parties desire to amend the Operating Agreement to (i) modify Appendix A: "Addresses for Notices", and (ii) update Schedule 1: "COI Control Area Operator Sharing Obligations" to reflect changes in the Parties' percentage obligations for "Power Flow Reduction Measures" and "WECC RMS Sanctions".
- C. In all other respects, the Parties intend that the Operating Agreement remain in full force and effect in accordance with its terms.

NOW THEREFORE, **THE PARTIES AGREE** as follows:

1. **Effective Date.** This Amendment No. 1 shall be effective on the date made effective by FERC.
2. **Termination.** This Amendment No. 1 shall remain in full force and effect until the termination of the Operating Agreement.
3. **Amendment to the Operating Agreement.** The Operating Agreement shall be amended as follows:
 - 3.1 Appendix A specifying "Addresses for Notices" is deleted in its entirety and the Appendix A attached to this Amendment No. 1 is substituted in its place.
 - 3.2 Schedule 1 specifying the "COI Control Area Operator Sharing Obligations" is deleted in its entirety and the Schedule 1 attached to this Amendment No. 1 is substituted in its place.
4. This Amendment No. 1 constitutes the complete and final agreement of the Parties with respect to the purpose of this Amendment No. 1 as described in the Recitals hereto and supersedes all prior understandings, whether written or oral, with respect to such subject matter.
5. Except as expressly modified in this Amendment No.1, the Operating Agreement, shall remain in full force and effect in accordance with its terms, and the unmodified provisions of the Operating Agreement shall apply to any new rights and/or obligations established by this Amendment No. 1.
6. This Amendment No. 1 may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same agreement.


IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be duly executed by and through their respective authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: 
Name: JAMES W. DETMERS
Title: VP OPERATIONS
Date: 7/23/09



Sacramento Municipal Utility District

By: 
Name: James R. Shetter
Title: AGM, Energy Supply
Date: 8/6/09

all (signed)

**APPENDIX A
ADDRESSES FOR NOTICES**

California Independent System Operator Corporation

Name of Primary
Representative: Ms. Roni L. Reese
Title: Senior Contracts Analyst
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: rreese@caiso.com
Phone: (916) 608-7027
Fax No.: (916) 608-7292

Name of Alternate
Representative: Christopher J. Sibley
Title: Senior Contracts Negotiator
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030
Fax No.: (916) 608-7292

Sacramento Municipal Utility District

Name of Primary
Representative: Vicken Kasarjian
Title: Director, System Operations and Reliability
Address: 6001 S Street MS D109
City/State/Zip Code: Sacramento, CA 95817-1899
Email Address: vkasarj@smud.org
Phone: 916-732-5727
Fax No.: 916-732-7026

Name of Alternate
Representative: Richard A. Buckingham
Title: Principal Power Contracts Specialist
Address: 6001 S Street MS D105
City/State/Zip Code: Sacramento, CA 95817-1899
Email Address: rbuckin@smud.org
Phone: (916) 732-7027
Fax No.: (916) 732-6537

SCHEDULE 1**COI CONTROL AREA OPERATOR SHARING OBLIGATIONS**

The COI Control Area Operators agree, consistent with Sections 8.2, 8.4 and 9 of this Agreement, to use the following percentages for the following purposes:

Power Flow Reduction Measures:

CAISO: 77%

SMUD: 23%

WECC RMS Sanctions:

CAISO: 77%

SMUD: 23%

Attachment B - Clean Sheets

August 12, 2009

California-Oregon Intertie Control Area Operating Agreement

Between

Sacramento Municipal Utility District

And

California Independent System Operator Corporation

**APPENDIX A
ADDRESSES FOR NOTICES**

California Independent System Operator Corporation

Name of Primary
Representative: Ms. Roni L. Reese
Title: Senior Contracts Analyst
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: rreese@caiso.com
Phone: (916) 608-7027
Fax No.: (916) 608-7292

Name of Alternate
Representative: Christopher J. Sibley
Title: Senior Contracts Negotiator
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030
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Sacramento Municipal Utility District

Name of Primary
Representative: Vicken Kasarjian
Title: Director, System Operations and Reliability
Address: 6001 S Street MS D109
City/State/Zip Code: Sacramento, CA 95817-1899
Email Address: vkasarj@smud.org
Phone: 916-732-5727
Fax No.: 916-732-7026

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Representative: Richard A. Buckingham
Title: Principal Power Contracts Specialist
Address: 6001 S Street MS D105
City/State/Zip Code: Sacramento, CA 95817-1899
Email Address: rbuckin@smud.org
Phone: 916) 732-7027
Fax No.: (916) 732-6537

SCHEDULE 1

COI CONTROL AREA OPERATOR SHARING OBLIGATIONS

The COI Control Area Operators agree, consistent with Sections 8.2, 8.4 and 9 of this Agreement, to use the following percentages for the following purposes:

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SMUD: 23%

WECC RMS Sanctions:

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SMUD: 23%

Attachment C - Blacklines

August 12, 2009

California-Oregon Intertie Control Area Operating Agreement

Between

Sacramento Municipal Utility District

And

California Independent System Operator Corporation

APPENDIX A

ADDRESSES FOR NOTICES

California Independent System Operator Corporation

Michael D. Dozier
Lead Contracts Negotiator
151 Blue Ravine Road
Folsom, CA 95630

Name of Primary

Representative: Ms. Roni L. Reese
Title: Senior Contracts Analyst
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City/State/Zip Code: Folsom, CA 95630
Email Address: rreese@caiso.com
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Sacramento Municipal Utility District

Vicken Kasarjian
6001 S Street
Sacramento, CA 95813

Name of Primary

Representative: Vicken Kasarjian
Title: Director, System Operations and Reliability

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* * *

SCHEDULE 1

COI CONTROL AREA OPERATOR SHARING OBLIGATIONS

The COI Control Area Operators agree, consistent with Sections 8.2, 8.4 and 9 of this Agreement, to use the following percentages for the following purposes:

Power Flow Reduction Measures:

CAISO: 77.9%
SMUD: 23.4%

WECC RMS Sanctions:

CAISO: 77.9%
SMUD: 23.4%

* * *