



California Independent
System Operator Corporation

December 6, 2013

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 Adjacent Balancing Authority Operating Agreement,
Rate Schedule No. 74, to replace Interconnected Balancing
Authority Area Operating Agreement, Rate Schedule No. 31
Docket No. ER14-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation submits for Commission filing and acceptance an Adjacent Balancing Authority Operating Agreement (ABAOA) between the ISO and the Western Area Power Administration – Desert Southwest Region (“Western – DSR”).¹ The ISO submits this filing to replace the Interconnected Balancing Authority Area Operating Agreement (“IBAAOA”). The ISO is separately and concurrently requesting termination of the IBAAOA in a filing being made today in a separate docket.² The ISO proposes that the ABAOA be made effective on February 5, 2014, the same date that that the ISO is proposing for the termination of the IBAAOA.³

¹ The ISO submits the ABAOA pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d and Part 35 of the Commission’s regulations, 18 C.F.R. Part 35, and in compliance with Order No. 714, *Electronic Tariff Filings*, FERC Stats. & Regs. ¶ 31,276 (2009).

² Because the IBAAOA is on file under a different ISO tariff ID than the ISO now uses for its rate schedules (i.e., in a separate eTariff database), it is not possible for the ISO to combine the submission of the ABAOA with the termination of the IBAAOA in a single filing, as would otherwise be its practice. The ISO requests that the IBAAOA be terminated contemporaneously with the ABAOA’s effective date; i.e., if for any reason the effective date proposed in this filing is delayed, the ISO requests that the termination date of the IBAAOA not precede the effective date of the ABAOA.

³ The IBAAOA also facilitates dynamic transfers. However, the ISO has separately and concurrently requested acceptance of a Dynamic Transfer Balancing Authority Operating Agreement between the ISO and Western – DSR (“Dynamic Transfer Agreement”) coincident with the requested effective date of the ABAOA and termination of the IBAAOA. Together, the

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I. Background of the IBAAOA

The original version of the IBAAOA, then referred to as an interconnected control area operating agreement, was filed with the Commission on July 13, 1998 in Docket No. ER98-3708-000. In a letter order issued August 31, 1998, the Commission accepted that filing, subject to suspension, hearing procedures, and refund procedures. On October 2, 1998, the ISO filed an offer of settlement in the proceeding in which it proposed certain revisions. The Commission approved the offer of settlement in *California Independent System Operator Corporation*, 87 FERC ¶ 61,231 (1999). Pursuant to the Commission's approval of the offer of settlement, on July 28, 1999, the ISO submitted a compliance report containing the revised version of the agreement in Docket No. ER98-3708-001. The Commission accepted the compliance report by letter order issued on March 14, 2001.

An amendment to the interconnected control area operating agreement was later submitted in Docket No. ER02-1053-000 and approved by Commission letter order issued on April 8, 2002. Thereafter, the parties filed an amended and restated Interconnected Balancing Authority Area Operating Agreement with the Commission in Docket No. ER08-617-000, which was accepted by Commission letter order issued on April 29, 2008. The most recent amendment to the IBAAOA was filed in Docket No. ER13-168-000 and conditionally accepted by Commission order issued on December 20, 2012.⁴

The parties now desire to replace the IBAAOA with the ABAOA to more appropriately consider matters addressed by the reliability standards.

II. Adjacent Balancing Authority Operating Agreement

The ABAOA sets forth the rates, terms, and conditions on which the ISO and Western - DSR, as NERC registered balancing authorities, operate the interconnection between their balancing authority areas and provide emergency assistance as required by the applicable NERC reliability standard.⁵ The Commission has approved similar agreements with respect to the ISO's interconnected operating relationship with the Bonneville Power Administration,

Dynamic Transfer Agreement and ABAOA cover all matters previously addressed by the IBAAOA.

⁴ *Cal. Indep. Sys. Operator Corp.*, 141 FERC ¶ 61,218 (accepting the IBAAOA subject to a further compliance filing, which was accepted by Commission letter order dated February 25, 2013). An intervening amendment to the IBAAOA had also been filed in Docket No. ER11-3778-000 and accepted by Commission letter order issued on August 9, 2011.

⁵ See NERC reliability standard EOP-001 (requiring an agreement for emergency assistance among neighboring balancing authorities).

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the Imperial Irrigation District, the Balancing Authority of Northern California, and most recently the Nevada Power Company, doing business as NV Energy.⁶

The ABAOA differs considerably from the IBAAOA and is intended to replace the IBAAOA upon acceptance by the Commission. The ABAOA contains provisions addressing a more limited number of matters than previously addressed in the IBAAOA in deference to the NERC reliability standards, which effectively address much of the subject matter previously included in the IBAAOA. A matrix illustrating the provisions of the pro forma version of the IBAAOA, the interconnected control area operating agreement, and the associated reliability standards is included as Attachment B for informational purposes only.⁷ Below is a summary of the provisions of the ABAOA.

- Section 3 requires the parties to cooperate to mitigate any operating emergencies, to develop, maintain, implement, and annually review and update emergency plans (and to share and coordinate such plans with the other party), and to assist each other in an operating emergency by delivering emergency assistance to the other party. Schedule B provides for settlement provisions related to the provision of emergency assistance.
- Section 4 requires each party to maintain a 24-hour, 7-day control center with real-time scheduling and control functions, and to coordinate its actions with the other party, particularly as directed by the appropriate reliability coordinator(s), to preserve or restore the interconnected transmission system. The Parties will exchange confidential operational contact information upon the effective date of this Agreement. Schedule C provides the current contacts for notices but not confidential operational contact information.
- Section 5 and Schedule A identify the points of interconnection between the parties and defines the boundary between the balancing authority areas.

In addition to the foregoing substantive provisions, the ABAOA incorporates “boilerplate” provisions in Section 6 to provide liability, and Section 7 for information exchange and confidentiality, assignment and successors,

⁶ See Commission orders in Docket No. ER09-1630-000 (accepting the amended ABAOA between the ISO and the Bonneville Power Administration), Docket No. ER10-1761-000 (accepting the ABAOA between the ISO and the Imperial Irrigation District), Docket No. ER11-3387-000 (accepting the ABAOA between the ISO and the Balancing Authority of Northern California and termination of the Interconnected Control Area Operating Agreement between the ISO and the Sacramento Municipal Utility District), and Docket No. ER13-224-000 (accepting the ABAOA between the ISO and the Nevada Power Company, doing business as NV Energy).

⁷ This matrix was prepared by the ISO to illustrate the extent of overlap for purposes of this filing only and should not be relied upon for any other purpose.

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notices, waiver, governing law, consistency with federal laws and regulations, disclaimer of warranties, , amendment, and signature authority. The ABAOA also adds recitals, provides for the effective date and termination of the agreement (Section 1), definitions (Section2), and references to the NERC reliability standards.

The ISO notes that in its view the preferred approach to adjacent balancing authority operations with the entities to which it is interconnected is to defer to the NERC reliability standards to the maximum extent possible. This avoids confusion and potential inconsistency between a contractual obligation and a reliability standard. The ISO believes the ABAOA addresses all matters required by the reliability standards.

III. Termination of the IBAAOA

The ISO is separately and concurrently requesting termination of the IBAAOA in a filing being made today in a separate docket. Termination of the IBAAOA is appropriate. The ABAOA is intended to replace the IBAAOA, and the parties have also requested Commission acceptance of a Dynamic Transfer Balancing Authority Operating Agreement (“Dynamic Transfer Agreement”). Together the ABAOA and the Dynamic Transfer Agreement address all matters previously included in the IBAAOA and it should terminate coincidentally.

IV. Effective Date

The ISO requests that the ABAOA be made effective on February 5, 2014. The ISO is also requesting, in the notice of termination being filed today in a separate docket, that the IBAAOA be terminated on February 5, 2014, coincidentally with the effective date of the ABAOA.

V. Attachments

In addition to this transmittal letter, the following attachments support the instant filing:

- Attachment A: the Adjacent Balancing Authority Operating Agreement; and
- Attachment B: a matrix comparing the IBAAOA with the reliability standards

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VI. Service

The ISO has served copies of this filing upon the Western Area Power Administration – Desert Southwest Region, Southern California Edison Company, Metropolitan Water District of Southern California, Valley Electric Association, Inc., the California Public Utilities Commission, and the California Energy Commission. In addition, the filing has been posted on the ISO website.

VII. Correspondence

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

John C. Anders*
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
E-mail: janders@caiso.com

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

VIII. Conclusion

The ISO respectfully requests that the Commission accept this filing and permit the ISO's submittal of the Adjacent Balancing Authority Operating Agreement be effective as of the date requested, and that the Interconnected Balancing Authority Area Operating Agreement being filed today in a separate docket be terminated coincidentally. If there are any questions concerning this filing, please contact the undersigned.

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Respectfully submitted,

By: /s/ John C. Anders

Nancy Saracino

General Counsel

Roger E. Collanton

Deputy General Counsel

Sidney M. Davies

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Attorneys for the California Independent
System Operator Corporation

Attachment A – Clean Tariff
Adjacent Balancing Authority Operating Agreement
Western Area Power Administration – Desert Southwest Region
California Independent System Operator
December 6, 2013

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

**WESTERN AREA POWER
ADMINISTRATION
DESERT SOUTHWEST REGION**

**ADJACENT BALANCING AUTHORITY
OPERATING AGREEMENT**

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Executed by

WESTERN AREA POWER ADMINISTRATION

DESERT SOUTHWEST REGION

and

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

This Adjacent Balancing Authority Operating Agreement (“Agreement”), dated as of _____, 2013, is between the WESTERN AREA POWER ADMINISTRATION DESERT SOUTHWEST REGION (“Western”), having its registered and principal executive office at 615 South 43rd Avenue, Phoenix, Arizona, 85009. Western has responsibilities as a Balancing Authority and operates the Western Area Power Administration, Lower Colorado (“WALC”) Balancing Authority area,

and

the CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (“CAISO”), a California nonprofit public benefit corporation having a principal executive office located at 250 Outcropping Way, Folsom, California 95630. The CAISO has responsibilities as a Balancing Authority and operates the CAISO Balancing Authority Area.

Western and CAISO are referred to herein individually as a “Party” and collectively as the “Parties”.

Recitals

- A) Each Party is a member of the Western Electricity Coordinating Council (“WECC”), an organization whose members are located in the Western Interconnection as defined in the WECC Bylaws and is registered with WECC as a Balancing Authority pursuant to the North American Electric Reliability Corporation (“NERC”) Reliability Functional Model and Registry Criteria.
- B) Federal Energy Regulatory Commission (“FERC”) approved mandatory NERC Reliability Standards for the Bulk-Power Systems of North America including Standard EOP-001, as amended, which provides that each Balancing Authority is required to develop, maintain, and implement a set of plans to mitigate operating emergencies, and to coordinate such plans with other Balancing Authorities. EOP-001, as amended, and which may be revised from time to time, directs Balancing Authorities to have operating agreements in place with adjacent Balancing Authorities that, at a minimum, contain provisions for emergency

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assistance, including provisions to obtain emergency assistance from remote Balancing Authorities.

- C) The Parties are adjacent Balancing Authorities by virtue of their transmission systems being interconnected at one or more points.
- D) The Parties intend by this Agreement to identify each Party's responsibility to the other under the requirements of Standard EOP-001, as amended, by recognizing the continuing commitment of each Party to the other to cooperate to mitigate operating emergencies.
- E) This Agreement and the Dynamic Transfer Balancing Authority Operating Agreement ("DTBAOA"), which is to be executed concurrently with this Agreement between Western and CAISO, shall replace the Interconnected Balancing Authority Area Operating Agreement ("IBAAOA", Western's Contract Number 99-DSR-11066). The IBAAOA contained other provisions that are now effectively addressed through the Reliability Standards. The IBAAOA shall be terminated upon the Effective Date of both this Agreement and the DTBAOA.

The Parties mutually agree as follows:

1. **Term and Termination**

This Agreement shall be effective upon acceptance for filing by FERC pursuant to a filing by the CAISO (the "Effective Date") without any material modification or condition that is unacceptable to either Party in that Party's sole discretion. If any material modification or condition is ordered by FERC that is unacceptable to a Party, such Party shall communicate its lack of consent to such modification or condition to the other Party within ten (10) business days after the date on which FERC issues its order, and the Parties shall use best efforts to negotiate mutually acceptable revisions to this Agreement to address the modification or condition. Upon the occurrence of the Effective Date, this Agreement shall remain in effect until terminated by either Party upon thirty (30) days advance written notice to the other Party or upon written consent of both Parties. The CAISO shall file a notice of termination with FERC as soon as practicable, but no later than thirty (30) days after its issuance or receipt of such advance written notice of termination or the date of the Parties' written consent. Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, WALC will cease both to provide and to take any service under this Agreement as of: (i) thirty (30) days after issuance or receipt of an advance written notice of termination, or (ii) the date of the Parties' written consent, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT**2. Definitions****2.1 NERC Definitions**

Except as defined below, terms and expressions used in this Agreement shall have the same meanings as those contained in the NERC Glossary of Terms Used in NERC Reliability Standards.

2.2 Specific Definitions

2.2.1 **CAISO Tariff**: CAISO Operating Agreement and Tariff, as amended.

2.2.2 **EOP-001**: Emergency Operations Planning Standard EOP-001, as amended.

2.2.3 **Scheduling Coordinator**: An entity certified by the CAISO for the purposes of undertaking the functions of: submitting bids and self-schedules for energy, generation, transmission losses, and ancillary services; coordinating generation; tracking, billing, and settling trades with other Scheduling Coordinators; submitting forecast information; paying the CAISO's charges; and ensuring compliance with CAISO protocols.

3. Responsibilities of the Parties

3.1 The Parties agree to cooperate to mitigate any operating emergencies by adhering to: (1) the mandatory NERC Reliability Standards and WECC Regional Reliability Standards which relate to emergency operations, as may be amended from time to time, and (2) the directives of the applicable WECC Reliability Coordinator ("Reliability Coordinator").

3.2 Each Party further agrees that it shall develop, maintain, implement, and annually review and update its emergency plans to mitigate operating emergencies and shall share and coordinate such plans with the other Party as required by EOP-001 as amended.

3.3 To the extent possible, and in accordance with NERC mandatory Reliability Standards, each Party ("Delivering Party") shall assist the other Party ("Receiving Party") in an operating emergency by delivering emergency assistance to the requesting Receiving Party, including emergency capacity or energy transfers from such Delivering Party's Balancing Authority Area or from other remote Balancing Authorities over available transmission capacity, in accordance with Schedule B to this Agreement. Arrangements for deliveries of emergency capacity or energy transfers shall be through normal operating channels in accordance with

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EOP-001, as amended. Such emergency assistance shall be provided at the sole discretion of the entity supplying it and shall be recallable without advance notice as required to meet reliability requirements.

4. Coordination and Communication

- 4.1 In the event of an operating emergency that affects or may affect the reliable operation of interconnected transmission facilities, each Party shall coordinate its actions with the other Party, as such Party deems necessary or as directed by the appropriate Reliability Coordinator(s), to preserve or restore the interconnected transmission system to stable operations and to preserve or restore reliable, safe, and efficient service as quickly as practicable. The Parties shall, without delay, individually notify the appropriate Reliability Coordinator(s) as to the nature and extent of the operating emergency.
- 4.2 Each Party operates and maintains, or provides for operation and maintenance on a 24-hour, 7-day control center with real-time scheduling and control functions. The appropriate control center staff shall be responsible for operational communications and shall have sufficient authority to commit and bind that Party on decisions relating to emergency operations. The Parties agree to exchange operational contact information for insuring reliable communication in a format to be agreed to by the Parties and completed as of the Effective Date of this Agreement.

5. Interconnection Points

- 5.1 The Parties are adjacent Balancing Authorities, and are interconnected at the points specified in Schedule A to this Agreement. In the event that new interconnection points are added, or existing points are modified or eliminated, Schedule A will be amended as necessary, to reflect any such changes that are mutually agreed upon by both Parties in a written amendment to this Agreement.
- 5.2 Schedule A is included for the sole purpose of identifying those interconnection points that result in the Parties being adjacent Balancing Authorities. This Agreement is not intended to act as an interconnection agreement between the Parties.

6. Liability

6.1 Uncontrollable Forces

An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any

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other cause beyond the reasonable control of a Balancing Authority which could not be avoided through the exercise of Good Utility Practice.

Neither Party will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force. Neither Party will be considered in default of any obligation under this Agreement to the extent caused by any act, or failure to act, of any intermediary Balancing Authority. In the event of the occurrence of an Uncontrollable Force, which prevents either Party from performing any obligations under this Agreement, the affected entity shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Uncontrollable Force. The Parties shall each use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder.

6.2 Liability To Third Parties

Except as otherwise expressly provided herein, nothing in this Agreement shall be construed or deemed to confer any right or benefit on, or to create any duty to, or standard of care with reference to any third party, or any liability or obligation, contractual or otherwise, on the part of either Party.

6.3 Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other, shall be no greater than as explicitly stated herein. Neither Party, its directors, officers, employees, or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge, or expense, whether direct, indirect, or consequential, arising from the Party's performance or nonperformance under this Agreement, except for a Party's gross negligence, or willful misconduct.

7. Miscellaneous

7.1 Exchange of Information and Confidentiality

When a Party ("Providing Party") provides information to the other Party ("Receiving Party") under this Agreement and marks such information as privileged or confidential commercial or financial information, critical energy infrastructure information, or trade secret information, the Receiving Party shall treat such information as confidential and protected from disclosure to the extent permitted by law. The Receiving Party shall promptly notify the Providing Party in writing of any request to release such information. The Parties agree to use such information only for purposes of performing each Party's obligations under this Agreement.

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The provisions of this Section 7.1 shall survive the termination of this Agreement.

7.2 Assignment and Successors

Either Party to this Agreement may assign its obligations under this Agreement, with the other Party's prior written consent. Such consent shall not be unreasonably withheld.

Obligations and liabilities under this Agreement shall be binding on the successors and assigns of the Parties. No assignment of this Agreement shall relieve the assigning Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment.

7.3 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in writing and shall be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile; or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule C of this Agreement relating to its address as that information changes. Such updates to Schedule C shall not constitute an amendment to this Agreement.

7.4 Waivers

Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or matter arising in connection with this Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Agreement, shall not constitute or be deemed a waiver of such right.

7.5 Governing Law and Forum

Subject to Section 7.6, this Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the State of California or the laws of the United States, as applicable, except that if a dispute concerns the operation of transmission lines or facilities, the law of the state where the transmission lines or facilities are located or the laws of the United States, as applicable, will control. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be

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brought in any of the following forums, as appropriate: any federal court of the United States of America located in the State of California or, where subject to its jurisdiction, before FERC. No provision of this Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Agreement, or any action or proceeding arising under or relating to this Agreement, is subject to the jurisdiction of FERC.

7.6 Consistency with Federal Laws and Regulations

7.6.1 Nothing in this Agreement shall compel any person or federal entity to: (1) violate federal statutes or regulations; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statutes, regulations, or orders lawfully promulgated thereunder. If any provision of this Agreement is inconsistent with any obligation imposed on any person or federal entity by federal law or regulation to that extent, it shall be inapplicable to that person or federal entity. No person or federal entity shall incur any liability by failing to comply with any provision of this Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or federal entity shall use its best efforts to comply with this Agreement and the CAISO Tariff to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.

7.6.2 If any provision of this Agreement requiring any person or federal entity to give an indemnity or impose a sanction on any person is unenforceable against a federal entity, the CAISO shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of this Agreement that are not enforceable against the federal entity.

7.7 No Warranties or Representations; Disclaimer

All information, including confidential information, provided by a Party ("Providing Party") to the other Party ("Receiving Party") under this Agreement carries no warranty or representation of any kind, either

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express or implied. The Receiving Party receives the information “as is” and with all faults, errors, defects, inaccuracies, and omissions. The Providing Party makes no representations or warranties whatsoever with respect to the availability, timeliness, accuracy, reliability, or suitability of any information. The Receiving Party disclaims and waives all rights and remedies that it may otherwise have with respect to all warranties and liabilities of the Providing Party, expressed or implied, arising by law or otherwise, with respect to any faults, errors, defects, inaccuracies or omissions in, or availability, timeliness, reliability, or suitability of the information. Each Party assumes any and all risk and responsibility for selection and use of, and reliance on, any information provided under this Agreement.

7.8 Severability

If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

7.9 Section Headings

Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.

7.10 Amendments

The Parties may amend or modify this Agreement and Schedules attached hereto, only by written agreement. In the event the mandatory NERC Reliability Standards including EOP-001, as amended, are revised or replaced, the Parties shall meet within ninety (90) days of such change to discuss and determine whether such change will affect the terms and conditions of this Agreement and whether a modification or replacement of the Agreement is needed. An amendment that is subject to FERC approval shall not take effect until FERC has accepted such amendment for filing and has made it effective without any material modification or condition that is unacceptable to either Party in that Party's sole discretion. If any material modification or condition is ordered by FERC that is unacceptable to a Party, such Party shall communicate its lack of consent to such modification or condition to the other Party within

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ten (10) business days after the date on which FERC issues its order, and the Parties shall use best efforts to negotiate mutually acceptable revisions to this Agreement to address the modification or condition. Revisions to Schedules other than with regard to the contact information in Schedule C shall be processed as an amendment to this Agreement.

7.11 Counterparts

This Agreement may be executed in one (1) 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.

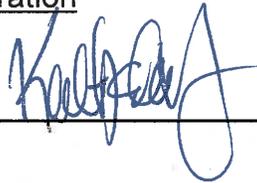
7.12 Authority

Each individual signing this Agreement certifies that the Party represented has duly authorized such individual to sign, bind, and obligate such Party.

Accepted and agreed to by:

California Independent System Operator Corporation

By:



Name:

Title: KEITH E. CASEY, PH.D., VICE PRESIDENT
MARKET & INFRASTRUCTURE DEVELOPMENT

Date:

11/25/13

Department of Energy,
Western Area Power Administration

By:

Name:

Title:

Date:

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ten (10) business days after the date on which FERC issues its order, and the Parties shall use best efforts to negotiate mutually acceptable revisions to this Agreement to address the modification or condition. Revisions to Schedules other than with regard to the contact information in Schedule C shall be processed as an amendment to this Agreement.

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7.12 Authority

Each individual signing this Agreement certifies that the Party represented has duly authorized such individual to sign, bind, and obligate such Party.

Accepted and agreed to by:

California Independent System Operator Corporation

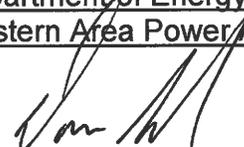
By: _____

Name: _____

Title: _____

Date: _____

Department of Energy, Western Area Power Administration

By:  _____

Name: Darren Buck

Title: Rocky Mountain Region Operations Manager

Date: 11/22/2013

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Schedule A

**ADJACENT BALANCING AUTHORITY INTERCONNECTION POINTS
[Sections 5.1 and 5.2]**

The Interconnection between the CAISO and WALC is comprised of seven (7) Interconnections; five (5) at the Mead Substation; one (1) at the Gene 230 kV Switchyard, and one (1) 161 kV Interconnection at Blythe Substation. The Interconnections are with the following Transmission Owners.

With Southern California Edison Company (SCE):

Eldorado – Mead No. 1 and No. 2, 220 kV transmission lines (Western Electric Coordinating Council [WECC] Path 58):

The Eldorado – Mead 220 kV transmission lines connect the jointly-owned Eldorado Substation¹ to the WALC Mead Substation.

CAISO Terminal: Mead Substation

Participating Transmission Owner: SCE

WALC Terminal: Mead Substation

Point of Interconnection: Mead Substation

Blythe 161 kV Substation:

The Blythe 161 kV Substation connects SCE's Blythe 161 kV bus to WALC's Blythe 161 kV bus WECC Path 59.

CAISO Terminal: SCE Blythe 161 kV bus

Participating Transmission Owner: SCE

WALC Terminal: Blythe 161 kV bus

Point of Interconnection: WALC Blythe 161 kV Substation

SCE's Gene 230 kV Switchyard (Gene 230 kV Switchyard):

The Gene 230 kV Switchyard connects to WALC's Gene-Parker 230kV Transmission Line.

CAISO Terminal: Gene 230 kV Switchyard

Participating Transmission Owner: SCE

WALC Terminal: Parker 230 kV Substation at Parker Generating Station

Point of Interconnection: Gene 230 kV Switchyard

¹ Eldorado Substation is jointly owned by SCE, LADWP, NVE, and SRP. Eldorado Substation is within the metered boundary of the CAISO Balancing Authority Area.

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With Metropolitan Water District (MWD):

Camino – Mead 230 kV East and West Transmission Lines:

Connects MWD's Camino Switchyard to WALC's Mead Substation.

CAISO Terminal: Mead Substation (WALC)

Participating Transmission Owner: SCE

Transmission Owner: MWD

WALC Terminal: Mead Substation

Point of Interconnection: Mead Substation (WALC)

With Valley Electric Association, Inc. ("VEA"):

Mead – Pahrump 230 kV Transmission Line:

The Mead – Pahrump 230 kV Transmission Line connects the WALC Mead Substation to VEA's Pahrump Substation.

CAISO Terminal: Mead 230 kV Substation

Participating Transmission Owner: VEA

WALC Terminal: Mead 230 kV Substation

Point of Interconnection: Mead 230 kV Substation

REVENUE METERING AND TELEMETRY AT INTERCONNECTION POINTS

WALC has in-service revenue quality metering at all Interconnection points. CAISO has in-service Remote Terminal Units (RTU) connected to revenue quality metering at all Interconnection points. WALC and CAISO metering shall meet the standards as mutually agreed by the Parties. Meters are inspected and tested per existing agreements between WALC, CAISO, and the respective Transmission Owner(s). WALC and the CAISO shall be entitled to witness testing of the involved Interconnection metering. Any change or modification to such metering equipment by WALC or any other entity shall be coordinated between the Parties. WALC shall allow daily, once a day, read-only access by the CAISO to direct poll revenue data from the Interconnection revenue metering in thirty (30) minute intervals with a future upgrade to five (5) minute intervals.

WALC and the CAISO shall maintain arrangements to ensure that both Parties shall have access to real-time data from the points identified in this schedule between their Balancing Authority Area Interconnections. The Parties understand that each Party wants to interrogate MW and MVAR data from Interconnection metering, which may include RTUs, at the points identified in this schedule between their Balancing Authority Area Interconnections. The Parties agree to allow each other to directly poll real-time data from the other Party's identified substations and will work together to facilitate direct polling of real-time data from substations of other entities, as required, in a timely manner. In the event that a second communication port of the RTU is not available for direct polling by a Party, the Party shall have the option to provide a RTU to the substation owner for the purpose of establishing a communication port available for direct polling by such Party.

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Communication Facilities

In accordance with the North American Electric Reliability Corporation's Reliability Standards, as may be revised from time to time, the CAISO and WALC shall provide adequate and reliable telecommunications facilities internally and with other systems, such as Balancing Authority Areas, and Regions to assure the exchange of Interconnection information necessary to maintain reliability. These facilities shall be redundant and diversely routed as required by WECC.

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT**Schedule B****EMERGENCY CAPACITY AND ENERGY
[Section 3.3]**

In accordance with EOP-001, as amended, the Parties will, to the extent possible, assist each other in an emergency by scheduling energy and/or capacity. Such emergency assistance will be available at the sole discretion of the Party supplying it and will be recallable without advance notice as required to meet reliability requirements. The Parties will agree upon and log MW values, start and end times, ramp rates and times, and integrated values for any emergency assistance provided.

The emergency assistance to be provided by a Party will be for system reliability. Such emergency assistance may be estimated prior to delivery and finalized in the settlement process.

The price paid for CAISO emergency assistance will be at the CAISO market price for the energy and/or capacity sold, plus all applicable charges, as specified in the CAISO Tariff provisions for emergency assistance. Such price may be estimated prior to delivery and finalized in the settlement process. Payment to the CAISO for emergency assistance provided by CAISO will be made by the Scheduling Coordinator representing WALC, in accordance with the settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff.

The price paid for WALC emergency assistance will be at the price specified by WALC. In the event WALC does not specify the price for energy or capacity at the time of the request for emergency assistance and no other settlement price is established prior to the delivery of the emergency assistance, the default settlement price shall be at a price agreed upon by the Parties, in accordance with the CAISO Tariff. Payment to WALC for emergency assistance provided by WALC will be made to the Scheduling Coordinator representing WALC, in accordance with the settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff.

Nothing in this Agreement shall obligate WALC to be bound by CAISO Tariff provisions unless expressly provided for.

This Schedule B shall remain in effect until it is superseded by mutual written agreement by the Parties, or terminated, either by written notice from an individual Party or by written consent by both Parties, in accordance with Section 1.1 of the Agreement.

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Schedule C

**CONTACTS FOR NOTICES
[Section 7.3]**

WALC:

Name of Primary Representative: Mr. Darren Buck
Title: Operations Manager
Address: 5555 East Crossroads Boulevard
City/State/Zip Code: Loveland, CO 80538
Email Address: DBuck@wapa.gov
Phone: (970) 461-7693
Fax No: (970) 461-7601

Name of Alternative Representative: Mr. Steve Johnson
Title: Supervisory Power System Dispatcher
Company: Western Area Power Administration
Address: 5555 East Crossroads Boulevard
City/State/Zip Code: Loveland, CO 80538
Email Address: Johnsons@wapa.gov
Phone: (970) 461-7451
Fax No: (970) 461-7601

CAISO:

Name of Primary Representative: Regulatory Contracts
Title: N/A
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: regulatorycontracts@caiso.com
Phone: (916) 608-7027
Fax No.: (916) 608-7292

Name of Alternate Representative: Mr. Christopher J. Sibley
Title: Lead, Contract Negotiator
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030
Fax No.: (916) 608-7292

This Attachment shall remain in effect until superseded by written notice from either of the Parties.

Attachment B

Pro Forma ICAOA Provisions and Associated Reliability Standards:

For Informational Purposes Only

Pro Forma ICAOA and Associated Reliability Standards Matrix

Pro Forma ICAOA Provision	Associated Reliability Standards
3.1 – General Requirements	COM-001, COM-002
3.1.2 – Existing Contracts	COM-001, COM-002
3.1.3 – Communication	COM-001, COM-002
3.2 – Grid Operation	FAC-009, FAC-013, FAC-014, PRC-001-1, TOP-007 R1, R2, TOP-005-1, TOP-008-1 R4, VAR-001-1, WECC-TOP-STD-007
3.2.3.1 – Real-Time Operating Limits Established Jointly	FAC-009, FAC-013, FAC-014, TOP-002
3.2.3.2 – Real-Time Operating Limits Exceeded	TOP-007-0 R1, R2, TOP-008-1, WECC-TOP-STD-007
3.2.4 – Relay Action	PRC-001-1, PRC-STD-003
3.2.5 – Voltage Control	VAR-001-1
3.2.6 – Information Exchange	TOP-005-1
3.2.6.1 – Information Required to be Provided	TOP-005-1
3.2.7 – Joint Operating Procedures	TOP-004-1, TOP-002
4 – Security Coordination	IRO-001-1
5 – Scheduling and Dispatch	INT-001-2, INT-003-2, INT-004-1, INT-005-1, INT-006-1, INT-007-1, INT-008-1, INT-009-1, INT-101-1
5.1 – Coordination and Exchange of Information	INT-001-2, INT-003-2 INT-004-1, INT-005-1, INT-006-1, INT-007-1, INT-008-1, INT-009-1, INT-010-1
5.2 – Notifications	INT-010-1
6 – Outage Coordination	TOP-001, TOP-002, TOP-003
6.1 – Maintenance Coordination	TOP-001-1, TOP-003-0
6.2 - Forced Outages	TOP-001-1
7 – Emergency Operation	EOP-001 R1, R7, EOP-002-2, EOP-003-1, EOP-005-1, EOP-006-1, IRO-006, TOP-001, VAR-001, WECC-IRO-STD-006
7.1 – Emergency Assistance Arrangements	EOP-001-R1, TOP-001-1
7.2 – Unscheduled Flow Mitigation (Loop Flow)	WECC-ISO-STD-006
7.3 – Emergency Action	EOP-002-2, EOP-003-1, TOP-001-1
7.3.1 – Operations Exercised Independently	TOP-001, TOP-008, EOP-002, EOP-003, TOP-004
7.5 – Restoration Coordination	EOP-005-1, EOP-006-1
7.6 – Voltage Collapse	VAR-001-1
8.4 – Liability for Electric Disturbance and Interruptions	EOP-001-0, TOP-002
Service Schedule 1 – Interconnection	TOP-002-R18

Pro Forma ICAOA and Associated Reliability Standards Matrix

Service Schedule 3 – Points of Contact	EOP-001-0 R7.1, COM-001, COM-002
Service Schedule 6 – Real-Time Operating Limits	TOP-007, FAC-014, TOP-002, TOP-STD-007
Service Schedule 7 – Voltage Control	VAR-001-1
Service Schedule 8 – Information Exchange Procedures for Grid Operations	TOP-006-1, TOP-006, COM-001, COM-002
Service Schedule 9 – Interconnection Information	TOP-005
Service Schedule 10 – Joint Operating Procedures	TOP-007, FAC-014, TOP-002, TOP-STD-007
Service Schedule 11 – Information Exchange and Coordination for Interchange Scheduling and Dispatch	INT-001-2, INT-003-2 INT-004-1, INT-005-1, INT-006-1, INT-007-1, INT-008-1, INT-009-1, INT-010-1
Service Schedule 12 – Maintenance Coordination Procedures	TOP-002, TOP-003, TOP-001
Service Schedule 13 - Emergency Assistance Arrangements	EOP-001 R1
Service Schedule 15, Restoration Coordination	EOP-005, R4

FERC rendition of the electronically filed tariff records in Docket No. ER14-00568-000

Filing Data:

CID: C001183

Filing Title: 2013-12-06 Filing of Western-DSR ABAOA - Rate Schedule No. 74

Company Filing Identifier: 470

Type of Filing Code: 10

Associated Filing Identifier:

Tariff Title: CAISO Rate Schedules

Tariff ID: 12

Payment Confirmation:

Suspension Motion: N

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Rate Schedule No. 74, ABAOA Between CAISO and Western-DSR, 0.0.0, A

Record Narrative Name:

Tariff Record ID: 9512

Tariff Record Collation Value: 6937529 Tariff Record Parent Identifier: 0

Proposed Date: 2014-02-05

Priority Order: 500

Record Change Type: NEW

Record Content Type: 1

Associated Filing Identifier:

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

AND

WESTERN AREA POWER ADMINISTRATION DESERT SOUTHWEST REGION

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Record Content Description, Tariff Record Title, Record Version Number, Option Code:
CAISO - Western DSR, Adjacent Balancing Authority Operating Agreement, 0.0.0, A
Record Narrative Name:
Tariff Record ID: 9513
Tariff Record Collation Value: 6947000 Tariff Record Parent Identifier: 9512
Proposed Date: 2014-02-05
Priority Order: 500
Record Change Type: NEW
Record Content Type: 1
Associated Filing Identifier:

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Executed by

WESTERN AREA POWER ADMINISTRATION

DESERT SOUTHWEST REGION

and

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

This Adjacent Balancing Authority Operating Agreement (“Agreement”), dated as of _____, 2013, is between the WESTERN AREA POWER ADMINISTRATION DESERT SOUTHWEST REGION (“Western”), having its registered and principal executive office at 615 South 43rd Avenue, Phoenix, Arizona, 85009. Western has responsibilities as a Balancing Authority and operates the Western Area Power Administration, Lower Colorado (“WALC”) Balancing Authority area,

and

the CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (“CAISO”), a California nonprofit public benefit corporation having a principal executive office located at 250 Outcropping Way, Folsom, California 95630. The CAISO has responsibilities as a Balancing Authority and operates the CAISO Balancing Authority Area.

Western and CAISO are referred to herein individually as a “Party” and collectively as the “Parties”.

Recitals

- A) Each Party is a member of the Western Electricity Coordinating Council (“WECC”), an organization whose members are located in the Western Interconnection as defined in the WECC Bylaws and is registered with WECC as a Balancing Authority pursuant to the North American Electric Reliability Corporation (“NERC”) Reliability Functional Model and Registry Criteria.
- B) Federal Energy Regulatory Commission (“FERC”) approved mandatory NERC Reliability Standards for the Bulk-Power Systems of North America including Standard EOP-001, as amended, which provides that each Balancing Authority is required to develop, maintain, and implement a set of plans to mitigate operating emergencies, and to coordinate such plans with other Balancing Authorities. EOP-001, as amended, and which may be revised from time to time, directs Balancing Authorities to have operating agreements in place with adjacent Balancing Authorities that, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities.
- C) The Parties are adjacent Balancing Authorities by virtue of their transmission systems being interconnected at one or more points.
- D) The Parties intend by this Agreement to identify each Party’s responsibility to the other under the requirements of Standard EOP-001, as amended, by recognizing the continuing commitment of each Party to the other to cooperate to mitigate operating emergencies.
- E) This Agreement and the Dynamic Transfer Balancing Authority Operating Agreement (“DTBAOA”), which is to be executed concurrently with this Agreement between Western and CAISO, shall replace the Interconnected Balancing Authority Area Operating Agreement (“IBAAOA”, Western’s Contract Number 99-DSR-11066). The IBAAOA contained other provisions that are now effectively addressed through the Reliability Standards. The IBAAOA shall be terminated upon the Effective Date of both this Agreement and the DTBAOA.

The Parties mutually agree as follows:

1. **Term and Termination**

This Agreement shall be effective upon acceptance for filing by FERC pursuant to a filing by the CAISO (the “Effective Date”) without any material modification or condition that is unacceptable to either Party in that Party’s sole discretion. If any material modification or condition is

ordered by FERC that is unacceptable to a Party, such Party shall communicate its lack of consent to such modification or condition to the other Party within ten (10) business days after the date on which FERC issues its order, and the Parties shall use best efforts to negotiate mutually acceptable revisions to this Agreement to address the modification or condition. Upon the occurrence of the Effective Date, this Agreement shall remain in effect until terminated by either Party upon thirty (30) days advance written notice to the other Party or upon written consent of both Parties. The CAISO shall file a notice of termination with FERC as soon as practicable, but no later than thirty (30) days after its issuance or receipt of such advance written notice of termination or the date of the Parties' written consent. Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, WALC will cease both to provide and to take any service under this Agreement as of: (i) thirty (30) days after issuance or receipt of an advance written notice of termination, or (ii) the date of the Parties' written consent, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

2. Definitions

2.1 NERC Definitions

Except as defined below, terms and expressions used in this Agreement shall have the same meanings as those contained in the NERC Glossary of Terms Used in NERC Reliability Standards.

2.2 Specific Definitions

2.2.1 **CAISO Tariff**: CAISO Operating Agreement and Tariff, as amended.

2.2.2 **EOP-001**: Emergency Operations Planning Standard EOP-001, as amended.

2.2.3 **Scheduling Coordinator**: An entity certified by the CAISO for the purposes of undertaking the functions of: submitting bids and self-schedules for energy, generation, transmission losses, and ancillary services; coordinating generation; tracking, billing, and settling trades with other Scheduling Coordinators; submitting forecast information; paying the CAISO's charges; and ensuring compliance with CAISO protocols.

3. Responsibilities of the Parties

- 3.1 The Parties agree to cooperate to mitigate any operating emergencies by adhering to: (1) the mandatory NERC Reliability Standards and WECC Regional Reliability Standards which relate to emergency operations, as may be amended from time to time, and (2) the directives of the applicable WECC Reliability Coordinator (“Reliability Coordinator”).
- 3.2 Each Party further agrees that it shall develop, maintain, implement, and annually review and update its emergency plans to mitigate operating emergencies and shall share and coordinate such plans with the other Party as required by EOP-001 as amended.
- 3.3 To the extent possible, and in accordance with NERC mandatory Reliability Standards, each Party (“Delivering Party”) shall assist the other Party (“Receiving Party”) in an operating emergency by delivering emergency assistance to the requesting Receiving Party, including emergency capacity or energy transfers from such Delivering Party’s Balancing Authority Area or from other remote Balancing Authorities over available transmission capacity, in accordance with Schedule B to this Agreement. Arrangements for deliveries of emergency capacity or energy transfers shall be through normal operating channels in accordance with EOP-001, as amended. Such emergency assistance shall be provided at the sole discretion of the entity supplying it and shall be recallable without advance notice as required to meet reliability requirements.

4. **Coordination and Communication**

- 4.1 In the event of an operating emergency that affects or may affect the reliable operation of interconnected transmission facilities, each Party shall coordinate its actions with the other Party, as such Party deems necessary or as directed by the appropriate Reliability Coordinator(s), to preserve or restore the interconnected transmission system to stable operations and to preserve or restore reliable, safe, and efficient service as quickly as practicable. The Parties shall, without delay, individually notify the appropriate Reliability Coordinator(s) as to the nature and extent of the operating emergency.
- 4.2 Each Party operates and maintains, or provides for operation and maintenance on a 24-hour, 7-day control center with real-time scheduling and control functions. The appropriate control center staff shall be responsible for operational communications and shall have sufficient authority to commit and bind that Party on decisions relating to emergency operations. The Parties agree to exchange

operational contact information for insuring reliable communication in a format to be agreed to by the Parties and completed as of the Effective Date of this Agreement.

5. **Interconnection Points**

- 5.1 The Parties are adjacent Balancing Authorities, and are interconnected at the points specified in Schedule A to this Agreement. In the event that new interconnection points are added, or existing points are modified or eliminated, Schedule A will be amended as necessary, to reflect any such changes that are mutually agreed upon by both Parties in a written amendment to this Agreement.
- 5.2 Schedule A is included for the sole purpose of identifying those interconnection points that result in the Parties being adjacent Balancing Authorities. This Agreement is not intended to act as an interconnection agreement between the Parties.

6. **Liability**

6.1 **Uncontrollable Forces**

An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of a Balancing Authority which could not be avoided through the exercise of Good Utility Practice.

Neither Party will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force. Neither Party will be considered in default of any obligation under this Agreement to the extent caused by any act, or failure to act, of any intermediary Balancing Authority. In the event of the occurrence of an Uncontrollable Force, which prevents either Party from performing any obligations under this Agreement, the affected entity shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Uncontrollable Force. The Parties shall each use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder.

6.2 **Liability To Third Parties**

Except as otherwise expressly provided herein, nothing in this Agreement shall be construed or deemed to confer any right or benefit on, or to create any duty to, or standard of care with reference to any third party, or any liability or obligation, contractual or otherwise, on the part of either Party.

6.3 **Liability Between the Parties**

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other, shall be no greater than as explicitly stated herein. Neither Party, its directors, officers, employees, or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge, or expense, whether direct, indirect, or consequential, arising from the Party's performance or nonperformance under this Agreement, except for a Party's gross negligence, or willful misconduct.

7. **Miscellaneous**

7.1 **Exchange of Information and Confidentiality**

When a Party ("Providing Party") provides information to the other Party ("Receiving Party") under this Agreement and marks such information as privileged or confidential commercial or financial information, critical energy infrastructure information, or trade secret information, the Receiving Party shall treat such information as confidential and protected from disclosure to the extent permitted by law. The Receiving Party shall promptly notify the Providing Party in writing of any request to release such information. The Parties agree to use such information only for purposes of performing each Party's obligations under this Agreement. The provisions of this Section 7.1 shall survive the termination of this Agreement.

7.2 **Assignment and Successors**

Either Party to this Agreement may assign its obligations under this Agreement, with the other Party's prior written consent. Such consent shall not be unreasonably withheld.

Obligations and liabilities under this Agreement shall be binding on the successors and assigns of the Parties. No assignment of this Agreement shall relieve the assigning Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment.

7.3 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in writing and shall be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile; or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule C of this Agreement relating to its address as that information changes. Such updates to Schedule C shall not constitute an amendment to this Agreement.

7.4 Waivers

Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or matter arising in connection with this Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Agreement, shall not constitute or be deemed a waiver of such right.

7.5 Governing Law and Forum

Subject to Section 7.6, this Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the State of California or the laws of the United States, as applicable, except that if a dispute concerns the operation of transmission lines or facilities, the law of the state where the transmission lines or facilities are located or the laws of the United States, as applicable, will control. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in any of the following forums, as appropriate: any federal court of the United States of America located in the State of California or, where subject to its jurisdiction, before FERC. No provision of this Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Agreement, or any action or proceeding arising under or relating to this Agreement, is subject to the jurisdiction of FERC.

7.6 Consistency with Federal Laws and Regulations

- 7.6.1 Nothing in this Agreement shall compel any person or federal entity to: (1) violate federal statutes or regulations; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statutes, regulations, or orders lawfully promulgated thereunder. If any provision of this Agreement is inconsistent with any obligation imposed on any person or federal entity by federal law or regulation to that extent, it shall be inapplicable to that person or federal entity. No person or federal entity shall incur any liability by failing to comply with any provision of this Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or federal entity shall use its best efforts to comply with this Agreement and the CAISO Tariff to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.
- 7.6.2 If any provision of this Agreement requiring any person or federal entity to give an indemnity or impose a sanction on any person is unenforceable against a federal entity, the CAISO shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of this Agreement that are not enforceable against the federal entity.

7.7 No Warranties or Representations; Disclaimer

All information, including confidential information, provided by a Party ("Providing Party") to the other Party ("Receiving Party") under this Agreement carries no warranty or representation of any kind, either express or implied. The Receiving Party receives the information "as is" and with all faults, errors, defects, inaccuracies, and omissions. The Providing Party makes no representations or warranties whatsoever with respect to the availability, timeliness, accuracy, reliability, or suitability of any information. The Receiving Party disclaims and waives all rights and remedies that it may otherwise have with respect to all warranties and liabilities of the Providing Party, expressed or implied, arising by law or otherwise,

with respect to any faults, errors, defects, inaccuracies or omissions in, or availability, timeliness, reliability, or suitability of the information. Each Party assumes any and all risk and responsibility for selection and use of, and reliance on, any information provided under this Agreement.

7.8 **Severability**

If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

7.9 **Section Headings**

Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.

- 7.10 **Amendments** The Parties may amend or modify this Agreement and Schedules attached hereto, only by written agreement. In the event the mandatory NERC Reliability Standards including EOP-001, as amended, are revised or replaced, the Parties shall meet within ninety (90) days of such change to discuss and determine whether such change will affect the terms and conditions of this Agreement and whether a modification or replacement of the Agreement is needed. An amendment that is subject to FERC approval shall not take effect until FERC has accepted such amendment for filing and has made it effective without any material modification or condition that is unacceptable to either Party in that Party's sole discretion. If any material modification or condition is ordered by FERC that is unacceptable to a Party, such Party shall communicate its lack of consent to such modification or condition to the other Party within ten (10) business days after the date on which FERC issues its order, and the Parties shall use best efforts to negotiate mutually acceptable revisions to this Agreement to address the modification or condition. Revisions to Schedules other than with regard to the contact information in Schedule C

shall be processed as an amendment to this Agreement.

7.11 Counterparts

This Agreement may be executed in one (1) 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.

7.12 Authority

Each individual signing this Agreement certifies that the Party represented has duly authorized such individual to sign, bind, and obligate such Party.

Accepted and agreed to by:

California Independent System Operator Corporation

By:

Name: _____

Title: _____

Date: _____

Department of Energy,

Western Area Power Administration

By:

Name: _____

Title: _____

Date: _____

ADJACENT BALANCING AUTHORITY INTERCONNECTION POINTS [Sections 5.1 and 5.2]

The Interconnection between the CAISO and WALC is comprised of seven (7) Interconnections; five (5) at the Mead Substation; one (1) at the Gene 230 kV Switchyard, and one (1) 161 kV Interconnection at Blythe Substation. The Interconnections are with the following Transmission Owners.

With Southern California Edison Company (SCE):

Eldorado – Mead No. 1 and No. 2, 220 kV transmission lines (Western Electric Coordinating Council [WECC] Path 58):

The Eldorado – Mead 220 kV transmission lines connect the jointly-owned Eldorado Substation. Eldorado Substation is jointly owned by SCE, LADWP, NVE, and SRP. Eldorado Substation is within the metered boundary of the CAISO Balancing Authority Area. to the WALC Mead Substation.

CAISO Terminal: Mead Substation
Participating Transmission Owner: SCE
WALC Terminal: Mead Substation
Point of Interconnection: Mead Substation

Blythe 161 kV Substation:

The Blythe 161 kV Substation connects SCE's Blythe 161 kV bus to WALC's Blythe 161 kV bus WECC Path 59.

CAISO Terminal: SCE Blythe 161 kV bus
Participating Transmission Owner: SCE
WALC Terminal: Blythe 161 kV bus
Point of Interconnection: WALC Blythe 161 kV Substation

SCE's Gene 230 kV Switchyard (Gene 230 kV Switchyard):

The Gene 230 kV Switchyard connects to WALC's Gene-Parker 230kV Transmission Line.

CAISO Terminal: Gene 230 kV Switchyard
Participating Transmission Owner: SCE
WALC Terminal: Parker 230 kV Substation at Parker Generating Station
Point of Interconnection: Gene 230 kV Switchyard

With Metropolitan Water District (MWD):

Camino – Mead 230 kV East and West Transmission Lines:

Connects MWD's Camino Switchyard to WALC's Mead Substation.

CAISO Terminal: Mead Substation (WALC)
Participating Transmission Owner: SCE
Transmission Owner: MWD
WALC Terminal: Mead Substation
Point of Interconnection: Mead Substation (WALC)

With Valley Electric Association, Inc. (“VEA”):

Mead – Pahrump 230 kV Transmission Line:

The Mead – Pahrump 230 kV Transmission Line connects the WALC Mead Substation to VEA’s Pahrump Substation.

CAISO Terminal: Mead 230 kV Substation

Participating Transmission Owner: VEA

WALC Terminal: Mead 230 kV Substation

Point of Interconnection: Mead 230 kV Substation

REVENUE METERING AND TELEMETRY AT INTERCONNECTION POINTS

WALC has in-service revenue quality metering at all Interconnection points. CAISO has in-service Remote Terminal Units (RTU) connected to revenue quality metering at all Interconnection points. WALC and CAISO metering shall meet the standards as mutually agreed by the Parties. Meters are inspected and tested per existing agreements between WALC, CAISO, and the respective Transmission Owner(s). WALC and the CAISO shall be entitled to witness testing of the involved Interconnection metering. Any change or modification to such metering equipment by WALC or any other entity shall be coordinated between the Parties. WALC shall allow daily, once a day, read-only access by the CAISO to direct poll revenue data from the Interconnection revenue metering in thirty (30) minute intervals with a future upgrade to five (5) minute intervals.

WALC and the CAISO shall maintain arrangements to ensure that both Parties shall have access to real-time data from the points identified in this schedule between their Balancing Authority Area Interconnections. The Parties understand that each Party wants to interrogate MW and MVAR data from Interconnection metering, which may include RTUs, at the points identified in this schedule between their Balancing Authority Area Interconnections. The Parties agree to allow each other to directly poll real-time data from the other Party’s identified substations and will work together to facilitate direct polling of real-time data from substations of other entities, as required, in a timely manner. In the event that a second communication port of the RTU is not available for direct polling by a Party, the Party shall have the option to provide a RTU to the substation owner for the purpose of establishing a communication port available for direct polling by such Party.

Communication Facilities

In accordance with the North American Electric Reliability Corporation’s Reliability Standards, as may be revised from time to time, the CAISO and WALC shall provide adequate and reliable telecommunications facilities internally and with other systems, such as Balancing Authority Areas, and Regions to assure the exchange of Interconnection information necessary to maintain reliability. These facilities shall be redundant and diversely routed as required by WECC.

Schedule B

EMERGENCY CAPACITY AND ENERGY [Section 3.3]

In accordance with EOP-001, as amended, the Parties will, to the extent possible, assist each other in an emergency by scheduling energy and/or capacity. Such emergency assistance will be available at the sole discretion of the Party supplying it and will be recallable without advance notice as required to meet reliability requirements. The Parties will agree upon and log MW values, start and end times, ramp rates and times, and integrated values for any emergency assistance provided.

The emergency assistance to be provided by a Party will be for system reliability. Such emergency assistance may be estimated prior to delivery and finalized in the settlement process.

The price paid for CAISO emergency assistance will be at the CAISO market price for the energy and/or capacity sold, plus all applicable charges, as specified in the CAISO Tariff provisions for emergency assistance. Such price may be estimated prior to delivery and finalized in the settlement process. Payment to the CAISO for emergency assistance provided by CAISO will be made by the Scheduling Coordinator representing WALC, in accordance with the settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff.

The price paid for WALC emergency assistance will be at the price specified by WALC. In the event WALC does not specify the price for energy or capacity at the time of the request for emergency assistance and no other settlement price is established prior to the delivery of the emergency assistance, the default settlement price shall be at a price agreed upon by the Parties, in accordance with the CAISO Tariff. Payment to WALC for emergency assistance provided by WALC will be made to the Scheduling Coordinator representing WALC, in accordance with the settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff.

Nothing in this Agreement shall obligate WALC to be bound by CAISO Tariff provisions unless expressly provided for.

This Schedule B shall remain in effect until it is superseded by mutual written agreement by the Parties, or terminated, either by written notice from an individual Party or by written consent by both Parties, in accordance with Section 1.1 of the Agreement.

Schedule C

**CONTACTS FOR NOTICES
[Section 7.3]**

WALC:

Name of Primary Representative: Mr. Darren Buck
Title: Operations Manager
Address: 5555 East Crossroads Boulevard
City/State/Zip Code: Loveland, CO 80538
Email Address: DBuck@wapa.gov
Phone: (970) 461-7693
Fax No: (970) 461-7601

Name of Alternative Representative: Mr. Steve Johnson
Title: Supervisory Power System Dispatcher
Company: Western Area Power Administration
Address: 5555 East Crossroads Boulevard
City/State/Zip Code: Loveland, CO 80538
Email Address: Johnsons@wapa.gov
Phone: (970) 461-7451
Fax No: (970) 461-7601

CAISO:

Name of Primary Representative: Regulatory Contracts
Title: N/A
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: regulatorycontracts@caiso.com
Phone: (916) 608-7027
Fax No.: (916) 608-7292

Name of Alternate Representative: Mr. Christopher J. Sibley
Title: Lead, Contract Negotiator
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030

Fax No.: (916) 608-7292

This Attachment shall remain in effect until superseded by written notice from either of the Parties.

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