ALSTON&BIRD LLP

601 Pennsylvania Avenue, N.W.
North Building, 10th Floor
Washington, DC 20004-2601

202-756-3300
Fax: 202-756-3333

Bradley R. Miliauskas Direct Dial: 202-756-3405 Email: bradley.miliauskas@alston.com

REDACTED VERSION FOR PUBLIC RELEASE

PRIVILEGED INFORMATION CONTAINED IN SEPARATE VOLUME

October 19, 2005

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operator Corporation
Rate Schedule FERC No. 62
Docket No. ER06-____-000

Dear Secretary Salas:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, the California Independent System Operator Corporation ("ISO")[1] submits for Commission filing and acceptance this Interconnected Control Area Operating Agreement ("ICAOA") between the ISO and the Turlock Irrigation District ("Turlock").

The ISO is requesting a waiver of the 60-day prior notice requirement to allow the ICAOA to be made effective on December 1, 2005. Turlock, which is currently in the ISO Control Area, has requested to become an independent Control Area effective on that date. Due to time constraints, the ISO is submitting the ICAOA unilaterally (*i.e.*, without Turlock's signature).

---

[1] Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

I. Purpose of the ICAOA

The ICAOA is designed to assist the ISO and Turlock in coordinating the operation and maintenance of their interconnected Control Areas, in a manner consistent with the NERC and WECC criteria, WECC Minimum Operating Reliability Criteria, and Good Utility Practice.[2] The ICAOA is designed to facilitate these functions.

II. Variances from the *Pro Forma* ICAOA

The variances from the ISO's *pro forma* ICAOA that are incorporated into the ISO-Turlock ICAOA include the following:

- Language has been incorporated into the Recitals, Sections ICAA 1.3.1, 1.3.2, 3.1.1, 3.1.2, and 3.2.1, and Service Schedules 1, 4, 5, 6, 7, 8, 9, and 10 to recognize the special circumstances associated with the proposed implementation of Turlock's Control Area as a new Control Area separate from the ISO Control Area in which the Turlock system is currently located.

- Language has been incorporated into Sections ICAA 1.2.1, 2.2.16, 3.1.2, and 5.1, and Service Schedules 2 and 11, that recognizes that Turlock operates under the terms of particular pre-existing contracts that will affect the interconnected operations of the Turlock and ISO Control Areas.

- Section ICAA 1.3.3 has been expanded to incorporate additional provisions concerning the termination of the ICAOA.

- Sections ICAA 2.2.22, 4, 7.3, 7.5, and Service Schedule 15, have been revised to reflect current WECC terminology regarding what is now termed the WECC "Reliability Coordinator."

- Section ICAA 3.2.3.2 has been revised to recognize that the WECC has changed its time period for returning to "Real Time Operating Limits" from the 10 minutes currently specified in the agreement to 20 or 30 minutes,

---

[2] The ISO has advised Turlock that the ISO's process for scheduling transactions on Control Area interties requires that schedules be submitted into the ISO's scheduling systems by a Scheduling Coordinator in order to assure reliable operation of Control Area interties. While the *pro forma* ICAOA and the ISO-Turlock ICAOA do not include such an express requirement relative to non-ISO Controlled Grid facilities within the ISO Control Area, one of the ISO-Turlock Control Area interties is comprised of non-ISO Controlled Grid facilities and the ISO has filed the ISO-Turlock ICAOA on the understanding that this requirement would apply to both non-ISO Controlled Grid and ISO Controlled Grid facilities.

depending on the facilities, and that those time periods could further change as specified by the WECC.

- Section ICAA 5.3 and Service Schedule 17 have been added to make provision for dynamically scheduled energy and non-regulation ancillary services from the Turlock Control Area to the ISO Control Area and to make provision in Section ICAA 5.3 for a future pilot program for dynamic imports into the Turlock Control Area from the ISO Control Area.

- Minor revisions have been made to Sections ICAA 1.2.2, 2.2.1, 2.2.4, 2.2.5, 2.2.8, 2.2.10, 2.2.12, 2.2.13, 2.2.14, 2.2.15, 2.2.18, 3.1.3, 3.2.2, 3.2.6, 7.2, 7.4, 9, 10.1, 10.4, 10.5, and 10.8, and Service Schedules 3, 12, and 13, and Sections ICAA 2.2.7, 2.2.11, 2.2.16, 2.2.19, and 2.2.20 have been added, to make agreed-upon refinements and updates to the language of the *pro forma* ICAOA.

III. Request for Privileged Treatment

Included in a separate volume along with this ICAOA, pursuant to Commission Order Nos. 630 and 630-A,[3] is a sealed copy of the non-public portions of the ICAOA, specifically, Service Schedule 3. The ISO is seeking privileged treatment for Service Schedule 3 under 18 C.F.R. § 388.112, because it contains confidential telephone numbers of ISO and Turlock operating personnel. Because public disclosure of the telephone numbers would unnecessarily reveal sensitive information, the ISO submits that these numbers should be exempt from public exposure and should be granted privileged treatment.

---

[3] *Critical Energy Infrastructure Information*, Order No. 630, FERC Stats. and Regs. ¶ 31,140, *order on reh'g*, Order No. 630-A, FERC Stats. and Regs. ¶ 31,147 (2003).

IV. Request for Waiver

The ISO respectfully requests a waiver of the Commission's 60-day prior notice requirement, pursuant to Section 35.11 of the Commission's regulations, 18 C.F.R. § 35.11, to allow the enclosed materials to become effective as of December 1, 2005.[4] Granting the waiver will permit Turlock to become an independent Control Area effective on that date. Granting the requested waiver, therefore, is appropriate.

V. 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.

VI. Service

Copies of this filing have been served upon Turlock, the California Public Utilities Commission, and the California Electricity Oversight Board. 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) the public version of the ICAOA, provided in a format that complies with Order No. 614, *Designation of Electric Rate Schedule Sheets*, FERC Stats. and Regs. ¶ 31,096 (2000) (Attachment A).

The filing also includes a separate volume that contains the non-public portions of the ICAOA described above.

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

---

[4] Section ICAA 1.3.1 of the ICAOA provides that the ICAOA will be effective as of the latest of: (a) the date of execution of the ICAOA, (b) the date the ICAOA is accepted for filing and made effective by the Commission, or (c) the date that the WECC and NERC authorize Turlock to operate the Turlock Control Area. The ISO anticipates that, prior to the requested effective date of December 1, 2005, the ICAOA will be executed by Turlock and the WECC and NERC will provide their authorizations to Turlock. The ISO will inform the Commission once those events have occurred.

VII. Correspondence

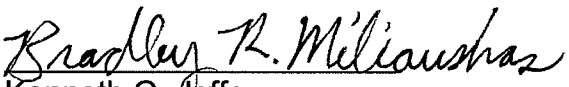
The ISO requests that all correspondence, pleadings and other communications concerning this filing be served upon the following:

John Anders*
Corporate Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7222

Bradley R. Miliauskas*
Alston & Bird LLP
601 Pennsylvania Avenue, NW
North Building, 10th Floor
Washington, DC 20004-2601
Tel: (202) 756-3300
Fax: (202) 756-3333

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

Respectfully submitted,



Kenneth G. Jaffe
Bradley R. Miliauskas
Alston & Bird LLP
601 Pennsylvania Avenue, NW
North Building, 10th Floor
Washington, DC 20004-2601

Charles F. Robinson
General Counsel
John Anders
Corporate Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Attorneys for the California Independent System Operator Corporation

ATTACHMENT A

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

TURLOCK IRRIGATION DISTRICT

INTERCONNECTED CONTROL AREA OPERATING AGREEMENT

INTERCONNECTED CONTROL AREA

OPERATING AGREEMENT

ICAA 1 STANDARD OPERATING AGREEMENT

Interconnected Control Area Operating Agreement

THIS INTERCONNECTED CONTROL AREA OPERATING AGREEMENT (OPERATING AGREEMENT) is established this ____ day of _____, ____ and is accepted by and between:

Turlock Irrigation District (TID), an irrigation district which sells electricity in portions of Stanislaus, Merced, and Tuolumne Counties, having its registered and principal executive office at 333 E. Canal Street, Turlock, California,

and

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

TID and the ISO are hereinafter referred to jointly as the "Parties," and each is a "Party".

Whereas:

1. TID is forming a new Control Area and becoming a recognized Control Area operator, pursuant to North American Electric Reliability Council or its successor (NERC) and Western Electricity Coordinating Council or its successor (WECC) requirements. Upon TID's formation of the TID Control Area, the Parties named above will operate interconnected Control Areas (connected by the "Interconnection").
2. The Parties wish to coordinate operation and maintenance of the Interconnection to satisfy NERC standards and policies, WECC

Minimum Operating Reliability Criteria (MORC), and Good Utility Practice.

3. The ISO has certain statutory obligations under California law to maintain power system reliability.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

ICAA 1.2 Purpose and Intent

ICAA 1.2.1 Purpose

The purpose of this Operating Agreement is to establish the rights and obligations of the ISO and TID with respect to the operation, maintenance, and control of the Interconnection. This Operating Agreement is based upon NERC and WECC policies, standards and criteria, applicable provisions of the Pre-Existing Contracts listed in Service Schedule 2, established operating procedures listed in the Service Schedules to this Operating Agreement, and applicable provisions of the ISO Tariff, as supplemented herein. This Operating Agreement acknowledges that other Transmission Owners may have concurrent rights and responsibilities with respect to the Interconnection.

ICAA 1.2.2 Intent

The intent of this Operating Agreement is to acknowledge rights, acknowledge requirements, establish procedures, and designate responsibilities for the operation and management of the Interconnection. It is not the intent of this Operating Agreement to abrogate or alter the rights and obligations under Pre-Existing Contracts pertaining to the subject of Interconnection.

ICAA 1.3 Term and Termination

ICAA 1.3.1 Effective Date

This Operating Agreement shall be effective as of the latest of: (a) the date of execution of this Operating Agreement, (b) the date this Operating Agreement is accepted for filing and made effective by the Federal Energy Regulatory Commission (FERC), or (c) the date that the WECC and NERC authorize TID to operate the TID Control Area, and shall continue in effect until terminated.

ICAA 1.3.2 Implementation of TID Control Area

TID and the ISO shall coordinate with all entities with ownership rights to the Interconnection facilities in advance of implementation of the TID Control Area to ensure that all reliability issues are addressed.

TID and the ISO recognize Modesto Irrigation District (MID) and City and County of San Francisco (CCSF) as operators of transmission facilities comprising part of the proposed Interconnection between the TID Control Area and the ISO Control Area, and Western Area Power Administration (Western) and Pacific Gas and Electric Company (PG&E) as operators of other affected facilities described in Service Schedule 4. TID will provide its WECC Control Area application to MID, CCSF, Western, and PG&E to facilitate their participation in the certification process and in the formation of the TID Control Area. TID will solicit their input, use best efforts to coordinate with them, and request that they confirm in writing that they do not anticipate any operational problems or issues associated with the prospective implementation of the TID Control Area.

The Parties will continue to work diligently towards a December 1, 2005 start-up date for the TID Control Area. A minimum of ten (10) days prior to implementation of the TID Control Area, each Party shall provide written notice to the other Party of its own operational readiness and state the time of day and date for such implementation. In addition, the Parties shall provide this information to MID, CCSF, Western, PG&E, and the Sacramento Municipal Utility District (SMUD) and request that they confirm their operational readiness for commencement of TID Control Area operation.

The Parties recognize that the WECC is the authority responsible for certifying TID as a Control Area. The Parties anticipate that, once WECC grants that certification and so notifies NERC, NERC will authorize TID to begin TID Control Area operation and will announce a projected date for commencement of such operation based on TID's request. The ISO will cooperate by advising NERC as to the state of its readiness to implement directly interconnected Control Area operation with TID. Operation of the TID Control Area shall commence no earlier than TID's receipt of NERC authorization. TID intends to commence operation of the TID Control Area on the NERC-established and announced date for commencement of such operation.

ICAA 1.3.3 Termination

ICAA 1.3.3.1 This Operating Agreement may be terminated by either Party upon two years written notice to the other Party or upon mutual consent of both Parties. For entities subject to FERC jurisdiction, termination will be effective upon acceptance by FERC of notice of termination, if required by FERC for termination to be effective. The ISO shall timely file any notice of termination with FERC, if required by FERC for termination to be effective. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request.

ICAA 1.3.3.2 This Operating Agreement may be terminated by either Party upon either of the following:

(a) At least 150 days advance written notice to the other Party if modification of the terms of this Operating Agreement is required by an agency (independent of the TID Board or the ISO Governing Board) or court of competent jurisdiction, in an order that has become final and is not stayed, or by a change in law; or

(b) At least 90 days written notice to the other Party before the effective date of a change in law, or order by an agency (independent of the TID Board or the ISO Governing Board), that would effectively require modification of the terms of this Operating Agreement, in which case this Operating Agreement would terminate on the effective date of the change in law or of the order.

In either case, the Parties shall meet during the notice period and attempt in good faith to renegotiate the terms and conditions of this Operating Agreement so as to restore the original balance of benefits and burdens contemplated by the Parties as of the date this Operating Agreement was executed.

ICAA 2 DEFINITIONS

ICAA 2.1 WECC Definitions

Except as defined below, terms and expressions used in this Operating Agreement shall have the same meanings as those contained in the WECC MORC Definitions.

ICAA 2.2 Specific Definitions

ICAA 2.2.1 **Forced Outage:** An Outage for which sufficient notice cannot be given to allow the Outage to be factored into the processes and the established Outage coordination principles of the relevant Control Areas, through the process set forth in Service Schedule 12.

ICAA 2.2.2 **Good Utility Practice:** Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry in the WECC region during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

ICAA 2.2.3 **Interconnection:** Transmission facilities that connect one Control Area to another Control Area. The Interconnection for this Operating Agreement is described in Service Schedule 1.

ICAA 2.2.4 **ISO (The California Independent System Operator):** The California Independent System Operator Corporation, a state chartered, nonprofit corporation that controls the transmission facilities of all Participating Transmission Owners, dispatches certain generating units and loads, and is a Control Area operator.

ICAA 2.2.5 **ISO Control Area:** The electric system operated as a Control Area by the ISO for which the ISO has reliability responsibility pursuant to NERC and WECC requirements.

ICAA 2.2.6 **ISO Controlled Grid:** The system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the ISO's operational control.

ICAA 2.2.7 **ISO Governing Board:** The Board of Governors established to govern the affairs of the ISO.

ICAA 2.2.8 **ISO Operations Date:** March 31, 1998, which is the date on which the ISO first assumed operational control of the ISO Control Area.

ICAA 2.2.9 **ISO Tariff:** ISO Operating Agreement, Protocols, and Tariff as amended from time to time, together with any appendices or attachments thereto.

ICAA 2.2.10 **Nomogram:** A set of operating or scheduling rules often manifested or presented in a graph representing operating conditions that define the simultaneous maximum power transfer capability between geographical regions. Based on applicable Nomograms, scheduling rules are used to ensure that simultaneous operating limits are respected in order to meet NERC and WECC operating criteria.

ICAA 2.2.11 **Non-ISO Controlled Grid:** Transmission lines and associated facilities located within the ISO Control Area that are not under the ISO's operational control.

ICAA 2.2.12 **Outage:** Reduction in capability due to disconnection or separation, planned or forced, of one or more elements of an electric system.

ICAA 2.2.13 **Participating Transmission Owner:** An owner of transmission that has placed its transmission assets and entitlements under the ISO's operational control and has executed the Transmission Control Agreement.

ICAA 2.2.14 **Planned Outage:** An Outage for which sufficient notice can be given to allow the Outage to be factored into the processes and the established Outage coordination principles of the relevant Control Areas, through the process set forth in Service Schedule 12.

ICAA 2.2.15 **Points of Contact:** 1) Operations Contact: A person or entity (a) having the authority to receive and act upon scheduling or dispatch communications from the other Control Area operator and (b) available through a communications device mutually agreed upon on a 24-hour per day, 7-day per week basis; and 2) Contact for Notices: A person(s) designated by the Parties for the receipt of official notices.

ICAA 2.2.16 **Pre-Existing Contracts:** Contracts that grant transmission service rights and were in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts), as they may be amended in accordance with their terms or by agreement between the parties thereto from time to time. Pre-Existing Contracts include, but are not limited to: (1) the contracts between TID and other entities referenced in Service Schedule 2; and (2) contracts between the ISO and other entities besides TID, and between other such entities and Participating Transmission Owners, that were in effect on the ISO Operations Date that directly or indirectly affect TID.

ICAA 2.2.17 **Real Time Operating Limits:** The rated transfer capability less reductions during any hour caused by, but not limited to, physical limitations beyond the control of the Control Area operators, and operational limitations resulting from transmission line Outages, equipment Outages, stability limits and loop flow.

ICAA 2.2.18 **Scheduling Coordinator:** An entity separately certified, to the extent required by each Party, by both Parties for the purposes of undertaking the functions of: submitting schedules for energy, generation, transmission losses, and ancillary services; coordinating generation; tracking, billing, and settling trades; submitting forecast information; paying charges owed to others; and ensuring compliance with the Parties' procedures, including the ISO and TID scheduling, operations, and settlements procedures.

ICAA 2.2.19 **TID Board:** The Turlock Irrigation District Board of Directors, which is established pursuant to the California Water Code and has the power and duty to manage and conduct the business and affairs of TID.

ICAA 2.2.20 **TID Control Area:** The electric system operated as a Control Area by TID, for which TID has reliability responsibility pursuant to WECC and NERC requirements.

ICAA 2.2.21 **Transmission Owner:** An entity owning transmission facilities or having firm contractual rights to use transmission facilities at the Interconnection.

ICAA 2.2.22 **WECC Reliability Coordinator:** Person or group assigned by the WECC to proactively anticipate and mitigate potential problems, facilitate notification, and coordinate restoration following a disturbance.

ICAA 3 OPERATIONAL RESPONSIBILITIES

ICAA 3.1 General Requirements

ICAA 3.1.1 Standards to Be Met

Both the ISO and TID shall plan and operate the Interconnection in conformance with NERC standards, WECC MORC, and Good Utility Practice. The Parties agree that, notwithstanding the applicable NERC and WECC requirements, as a consequence of their direct interconnection, any changes in or to the scope of their system control affecting the Interconnection shall be coordinated.

ICAA 3.1.2 Pre-Existing Contracts

ISO Rights & Responsibilities: The ISO currently operates parts of the ISO Controlled Grid subject to certain rights and responsibilities of Participating Transmission Owners in Pre-Existing Contracts, operating agreements, or procedures between TID and the Participating Transmission Owners regarding the Interconnection, where those rights and responsibilities pertain to the coordinated operation of the interconnected Control Areas.

Pre-Existing Contract transactions scheduled across the Interconnection and the ISO Controlled Grid: Such transactions shall be:

- Scheduled with the ISO by an ISO-certified Scheduling Coordinator using the ISO scheduling systems, and within the scheduling timelines, described in the ISO Tariff; and
- Settled in accordance with the applicable provisions of the ISO Tariff.

Pre-Existing Contract transactions scheduled across the Interconnection and the Non-ISO Controlled Grid: Such transactions shall be scheduled with the ISO.

Procedures development: The ISO and TID, after consulting with affected Transmission Owners and other entities whose rights may be affected by ISO-TID Interconnection establishment, shall develop procedures to be used regarding those rights and responsibilities mentioned herein, provided that the ISO will rely on the specific operating instructions:

- Provided by PG&E and other affected Participating Transmission Owners, where available, for the Pre-Existing Contracts to which they are parties; and
- Provided by TID, for the Pre-Existing Contracts between TID and other entities that may be affected by operation of the Interconnection.

The specific provisions of the Pre-Existing Contracts that are anticipated to be affected by this Operating Agreement and the procedures for implementing such Pre-Existing Contracts are identified in Service Schedule 2, which contains contract informational summaries for the relevant Pre-Existing Contracts that may be affected by operation of the Interconnection.

PG&E and the other parties to the Pre-Existing Contracts listed in Service Schedule 2 shall be asked to confirm promptly in writing that any summary tables that relate to them are current and accurate.

The Parties shall adhere to WECC and NERC electronic tagging requirements and responsibilities.

ICAA 3.1.3 Communication

The ISO and TID shall each operate and maintain a 24-hour per day, 7-day per week control center with real time scheduling and control functions. Each Party will provide appropriate control center staff that will be responsible for operational communications and have sufficient authority to commit and bind that Party.

The ISO and TID shall jointly develop communication procedures necessary to support scheduling and dispatch functions. The Points of Contact and the procedures for insuring reliable communication are identified in Service Schedule 3.

ICAA 3.2 Grid Operation

ICAA 3.2.1 Responsibility

When the TID Control Area becomes operational, TID will assume NERC and WECC delegated Control Area responsibility for all electric transmission facilities within the TID Control Area. The ISO has NERC and WECC delegated Control Area responsibility for all electric transmission facilities in its Control Area. The Parties shall coordinate efforts consistent with NERC and WECC policies, standards and criteria, and with Good Utility Practice to mitigate adverse conditions that occur at the Interconnection.

The ISO and TID are each responsible for exercising operational control over facilities in their respective Control Areas, and shall not exercise operational control over any part of the Interconnection facilities operated by the other Control Area operator. Each Party shall also be responsible for operating all its facilities outside its Control Area, in its capacity as an operator of these facilities, such that reliability standards are maintained. The respective jurisdictions for operational control by the ISO and TID are identified in Service Schedule 4.

ICAA 3.2.2 Switching Operations

The ISO and TID agree that the Transmission Owners retain possession of and will operate those interconnected facilities they currently operate in accordance with the Pre-Existing Contracts and other agreements and procedures in force between the Transmission Owners and TID. Operations on the Interconnection shall be

coordinated through the ISO and TID except as otherwise indicated in ICAA 7.4. Specific switching responsibilities are identified in Service Schedule 5.

ICAA 3.2.3 Real Time Operating Limits

ICAA 3.2.3.1 Real Time Operating Limits Established Jointly

The ISO and TID, in consultation with the Transmission Owner(s), shall jointly agree upon the Real Time Operating Limits of the Interconnection. Real Time Operating Limits shall be based on real time conditions, current operating criteria, and established Nomograms, graphs, and charts specific to the transfer paths within TID and the ISO. These established operating limits are specified in Service Schedule 6.

ICAA 3.2.3.2 Real Time Operating Limits Exceeded

If a Real Time Operating Limit is exceeded or the operation of either the TID Control Area or the ISO Control Area is jeopardized, the ISO and TID shall communicate and coordinate actions to return the Interconnection and the affected Control Area(s) to Real Time Operating Limits. In compliance with WECC MORC, the ISO and TID will make coordinated Control Area to Control Area schedule adjustments to return overloaded stability-limited facilities to Real Time Operating Limits within 20 minutes after the exceedance of the limit and to return overloaded thermally limited facilities to Real Time Operating Limits within 30 minutes after the exceedance of the limit, or as otherwise established and mandated by WECC.

ICAA 3.2.4 Relay Action

The ISO and TID shall provide pertinent relay data and related equipment condition and operational information concerning the Interconnection to each other as soon as practicable after the occurrence of any relay action on Interconnection equipment, including, as it becomes available, additional information regarding cause, condition, effects, and estimated corrective action. Notwithstanding the foregoing, the ISO and TID shall agree upon corrective action and the procedure for returning to normal or adjusted operation.

ICAA 3.2.5 Voltage Control

The ISO and TID shall coordinate the use of voltage control equipment to maintain transmission voltages and reactive flows at mutually agreed upon levels to ensure system stability within the operating range of electrical equipment and in accordance with WECC MORC.

The ISO and TID shall operate the facilities at the Interconnection at reactive reserve margins that are adequate to maintain minimum acceptable voltage limits under facility Outage conditions. Agreed upon voltage schedule limits and reactive flows are specified in Service Schedule 7.

ICAA 3.2.6 Information Exchange

The ISO and TID shall coordinate directly the exchange of any information concerning the reliable operation of the Interconnection facilities and the status of their respective Control Areas. Such information shall be communicated through mutually acceptable methods. Procedures and forms for the exchange of emergency information shall be jointly developed and are contained in Service Schedule 8.

ICAA 3.2.6.1 Information Required to be Provided

Details regarding the information necessary to the reliable operation of the Interconnection shall be included in Service Schedule 9.

ICAA 3.2.7 Joint Operating Procedures

Procedures for coordinating the reliable operation of the Interconnection will be jointly administered by the ISO, TID, and the Transmission Owners. Such procedures are described in more detail in Service Schedule 10.

ICAA 4 RELIABILITY COORDINATION

WECC has designated the California-Mexico Reliability Coordinator (CMRC) to implement the WECC Reliability Coordinator functions for WECC's California-Mexico Subregion and to provide reliability coordination services otherwise separate and apart from the ISO's Control Area operator functions in the subregion.

ICAA 5 SCHEDULING AND DISPATCH

ICAA 5.1 Coordination and Exchange of Information

The ISO and TID shall coordinate and exchange information on schedules and Control Area checkouts at the Interconnection. TID and ISO schedules at the Interconnection shall match each other. In accordance with WECC MORC, the ISO and TID shall verify, at mutually acceptable times, the actual and scheduled interchange

numbers for past hours as well as scheduled interchange numbers for current and future hours.

All inter-Control Area energy and non-regulation ancillary services schedules between the ISO and TID, and all transmission reservation(s) to, from, or within the ISO Control Area, shall be done on an hourly basis, using the ISO scheduling system, and within the scheduling timelines, described in the ISO Tariff, except as provided elsewhere in this Operating Agreement. However:

- The ISO shall accommodate schedules in accordance with the terms for provision of ancillary services, including timelines, of each Pre-Existing Contract by phone; and
- Schedules may be changed in response to a contingency situation in one of the Control Areas.

Nothing in this ICAA 5.1 is intended to suggest that TID has the ability to procure exports of Ancillary Services from the ISO Control Area other than as may be provided in this Operating Agreement.

The ISO and TID shall jointly develop methods and details for coordinating scheduling procedures (including resolving perceived mismatches), information exchange, and notifications in normal, emergency, and curtailment conditions. Current methods and details are included in Service Schedule 11.

ICAA 5.2 Notifications

The ISO and TID shall jointly develop methods for coordinating the notification of all affected scheduling entities within their respective Control Areas regarding schedule changes in emergency or curtailment conditions.

ICAA 5.3 Dynamically Scheduled Energy and Non-Regulation Ancillary Services

The ISO and TID shall allow for the import of dynamically scheduled energy and non-regulation ancillary services from the TID Control Area to the ISO Control Area in accordance with the provisions of Service Schedule 17. The Parties further agree that the ISO will initiate and, subject to approval of the ISO Governing Board, file at FERC for approval provisions for a pilot program authorizing TID Control Area import of dynamic schedules from the ISO Control Area within six (6) months after TID provides notice to the ISO of a specific resource in the ISO Control Area from which it intends to import dynamic

schedules, provided that such pilot program will not be required to be implemented prior to June 30, 2007, to allow for the import of dynamically scheduled energy and non-regulation ancillary services from the ISO Control Area to the TID Control Area. The ISO will use reasonable efforts to undertake implementation of such a pilot program prior to June 30, 2007, if practical, if requested by TID.

ICAA 6 OUTAGE COORDINATION

ICAA 6.1 Maintenance Coordination

Outages of facilities affecting the Interconnection shall be jointly coordinated with the ISO, TID, and the Transmission Owner(s) to minimize a reduction and the duration of such reduction to the operating limits of the Interconnection. The ISO and TID shall provide each other reasonable notice of Planned Outages and scheduled maintenance affecting the Interconnection in advance.

The ISO and TID shall review Planned Outages and scheduled maintenance to determine the feasibility of initiating the switching process. If, given the current or anticipated system conditions at the time, the ISO and TID jointly determine that system reliability may be impaired, the Outage may be canceled.

Outage coordination procedures will be jointly developed by the ISO and TID and included in Service Schedule 12.

ICAA 6.2 Forced Outages

The ISO and TID shall coordinate and implement operational changes necessary to accommodate Forced Outages, emergencies, or curtailments. All notifications of Forced Outages, emergencies, or curtailments shall be communicated between the ISO and TID control centers as soon as possible. If notice prior to a Forced Outage, emergency, or curtailment cannot be given, the ISO or TID shall notify the other Party of the event immediately after it occurs.

All Forced Outage notifications shall be communicated by both control centers to other Control Area operators likely to be affected by the Forced Outage.

ICAA 7 EMERGENCY OPERATION

ICAA 7.1 Emergency Assistance Arrangements

Service Schedule 13 details emergency assistance arrangements.

ICAA 7.2 Unscheduled Flow Mitigation (Loop Flow)

Unscheduled Flow Mitigation Procedures shall be consistent with WECC procedures

ICAA 7.3 Emergency Action

In the event of a system emergency, the ISO and TID shall take coordinated action, as they consider necessary and operationally prudent, to preserve or restore stable operation of the interconnected grid and to preserve or restore reliable, safe, and efficient service as quickly as reasonably practicable. The ISO and TID shall, where practicable, keep operators in affected Control Areas and the appropriate WECC Reliability Coordinators informed as to the nature and extent of the system emergency.

ICAA 7.4 Operations Exercised Independently

Emergency operation in response to unforeseen system occurrences that may jeopardize the safety of personnel and the general public and/or system stability may be performed independently by TID, the ISO, or the Transmission Owner(s). TID shall forward the outcomes of emergency operation to which it is a party to the ISO control center as soon as practicable after the occurrence. The ISO control center shall forward the outcomes of emergency operation to which it is a party to the TID Power Control Center as soon as practicable after the occurrence. The duties and responsibilities for the ISO control center, the Transmission Owner(s), and the TID Power Control Center under the foregoing circumstances are described in more detail in Service Schedule 14.

ICAA 7.5 Restoration Coordination

The ISO and TID shall coordinate restoration on the facilities affecting the Interconnection with the pertinent WECC Reliability Coordinator, and shall take necessary restoration measures on facilities affecting the Interconnection in their respective Control Areas following an interruption, including coordinating the restarting of either or both systems from a black start, if requested. The ISO and TID shall develop restoration procedures in cooperation with the pertinent WECC Reliability Coordinator to the extent required. Those procedures are included in Service Schedule 15.

ICAA 7.6 Voltage Collapse

The ISO and TID shall take measures in their respective Control Areas to arrest collapsing voltage that affects the Interconnection.

ICAA 8 LIABILITY

ICAA 8.1 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 Control Area operator which could not be avoided through the exercise of Good Utility Practice.

Neither the ISO nor TID will be considered in default of any obligation under this Operating Agreement or liable to the other for direct, indirect, or consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force.

In the event of the occurrence of an Uncontrollable Force that prevents either the ISO or TID from performing any obligations under this Operating 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 ISO and TID 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.

ICAA 8.2 Liability To Third Parties

Except as otherwise expressly provided herein, nothing in this Operating 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 ISO or TID.

ICAA 8.3 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, nor its directors, officers, employees, nor 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 Operating Agreement, except for that Party's gross negligence, or willful misconduct.

ICAA 8.4 Liability For Electric Disturbance and Interruptions

The ISO and TID shall plan, operate, and maintain their respective systems, consistent with Good Utility Practice, to minimize or avoid electric disturbances that may interfere with the system of the other Party. The limits of responsibility for the ISO and TID shall each be for protecting its respective system from possible damage by reason of electric disturbance or faults caused by the operation, faulty operation, or non-operation of its facilities.

Neither Party shall be liable to the other Party for any claim, demand, liability, loss, or damage, whether direct, indirect, or consequential, incurred by the Parties or their respective customers, which results from the separation of the systems in an emergency or interruption.

If a customer within the Control Area of a Party makes a claim or brings an action against the other Party for any death, injury, loss, or damage arising out of or in connection with electric service to such customer and caused by the operation or failure of operation of the other Party's Control Area or any portion thereof, the first Party shall indemnify and hold harmless the other Party, its directors, officers, and employees from and against any liability for such injury, loss, or damage.

ICAA 9 SERVICE SCHEDULES

The ISO and TID shall establish with each other and, where appropriate, with the Transmission Owner(s), specific procedures for the reliable operation and scheduling of the Interconnection facilities. The details of these particular operating procedures will be set forth in the Service Schedules.

Re-filing this Operating Agreement with FERC is not required for changes either Party may make to descriptions of their Points of Contact in Service Schedule 3.

ICAA 10 MISCELLANEOUS

ICAA 10.1 Assignments

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

Obligations and liabilities under this Operating Agreement shall be binding on the successors and assigns of the Parties. No assignment of this Operating Agreement shall relieve the assigning Party from any obligation or liability under this Operating Agreement arising or accruing prior to the date of assignment, unless the other Party agrees in advance in writing.

ICAA 10.2 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Operating 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 Service Schedule 3 relating to its address as that information changes. Such changes shall not constitute an amendment to this Operating Agreement.

ICAA 10.3 Waivers

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

ICAA 10.4 Governing Law and Forum

Subject to ICAA 10.5, this Operating 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, 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 will control. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Operating Agreement shall be brought in any of the following forums:

(a) State claims: A court of the State of California located in Stanislaus or Sacramento counties;

(b) Federal claims: A federal court of the United States of America, located in the Eastern District of the State of California; or

(c) Claims subject to FERC jurisdiction: Before the FERC.

No provision of this Operating Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Operating Agreement, or any action or proceeding arising under or relating to this Operating Agreement, is subject to FERC jurisdiction.

ICAA 10.5 Consistency with Federal and State Laws and Regulations

Each Party shall use its best efforts to comply with this Operating Agreement to the extent that applicable federal or state laws and regulations permit it to do so. Nothing in this Operating Agreement shall compel either Party to violate any provision of applicable federal or state law or regulation, whether stated directly in a statute or lawfully promulgated by a jurisdictional authority, independent of the TID Board or the ISO Governing Board, pursuant to such a statute (including, but not limited to, promulgation through orders or permits). If any provision of this Operating Agreement is inconsistent with any federal or state law or regulation, it shall be inapplicable to the Party subject to that law or regulation, and such Party shall not incur any liability by failing to comply with that provision

ICAA 10.6 Severability

If any term, covenant, or condition of this Operating 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 Operating 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 Operating Agreement.

ICAA 10.7 Section Headings

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

ICAA 10.8 Amendments

This Operating Agreement and the Schedules and Attachments attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that are subject to FERC filing requirements shall be filed promptly by the ISO with FERC and shall not take effect until FERC has accepted such amendments for filing and has made them effective. If the amendment does not require FERC approval, the amendment will be filed by the ISO with FERC for information, if required by FERC.

ICAA 10.9 Counterparts

This Operating Agreement 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 Operating Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Operating Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date written in ICAA 1.

California Independent System Operator Corporation

By: _____

Name: JAMES W DETMERS

Title: VP OPERATIONS

Date: 10/19/05

Turlock Irrigation District

By: _____

Name: _____

Title: _____

Date: _____

SERVICE SCHEDULE 1

INTERCONNECTION

[Section 2.2.3]

There are two Interconnection points between the TID Control Area and the ISO Control Area. Both points are normally operated in the closed position.

- **Westley Interconnection (PG&E/TID Los Banos-Westley 230 kV line at the Westley Tap)**

  The Westley Interconnection point is comprised of:

  - The 230 kV transmission line connecting the MID/TID jointly-owned Westley Switchyard to the PG&E owned Los Banos Substation. The ownership of the 230 kV line changes between MID/TID joint ownership and PG&E ownership at a point known as the Westley Tap. The Los Banos Substation and the PG&E portion of the 230 kV line are in the ISO Control Area.

  The physical point of the Westley Interconnection is:

  - The Westley Tap, which is at the western end of the MID/TID jointly-owned 230 kV line extending from the Westley Switchyard, approximately 0.6 miles from the Westley Switchyard at PG&E Tower 22/100.

  The MID/TID 230 kV circuit consists of a double circuit (twin 954 kcmil, AA bundled conductors per phase).

- **Oakdale Interconnection (Oakdale Tap of the CCSF's Moccasin-Newark #3 and #4 115 kV lines)**
  The Oakdale Interconnection is comprised of a tapped connection of TID's system to the City and County of San Francisco's (CCSF) Moccasin-Newark 115 kV Lines #3 and #4, which connect the CCSF Moccasin Switchyard to the PG&E Newark Substation. TID has a tap from each of these CCSF lines at the Oakdale Switchyard, approximately 31 miles west of the Moccasin Powerhouse.

  The physical points of the Oakdale Interconnection are the points where the TID 115 kV tap line sections connect to CCSF's Moccasin-Newark 115 kV Lines #3 and #4, respectively.

Revenue Metering and Telemetry

TID has in service revenue quality metering at all Interconnections points. This metering meets the standards as mutually agreed upon by TID and the ISO. The ISO shall be entitled to witness annual testing of the Interconnection metering. Any change or modification to such metering equipment by TID or any other entity shall be coordinated with the ISO. TID shall program the Interconnection revenue metering to record data at five minute intervals and shall provide for ISO polling of that metering.

TID and the ISO shall maintain arrangements that ensure that both Parties shall have access to real-time meter data from all of the points of Control Area Interconnection. TID agrees to allow the ISO to directly poll real-time data from these substations. In the event that a second communication port of the RTU is not available for direct polling by the ISO's EMS, the ISO shall have the option to provide an RTU to the substation owner for the purpose of establishing a communication port available for direct polling by the ISO EMS.

The Parties shall make a good faith effort to negotiate an agreed allocation of responsibility for the costs of any change to either the ISO's or TID's metering and telemetry systems or standards that requires a corresponding change in the hardware or software of the other Party's metering and telemetry systems. If the Parties are unable to reach agreement on the allocation of cost responsibility, and the requesting Party desires to proceed with the changes, all costs of the changes shall be the responsibility of the requesting Party. However, in the event that the changes to the metering and telemetry systems are expressly required by changes in NERC or WECC rules, requirements, or standards, then the ISO and TID shall each be responsible for their respective costs to make the required changes.

- **Westley Switchyard**

  - **Metering equipment at the Westley Switchyard:** This metering consists of primary and backup revenue-grade metering equipment.

    - The meters are Schlumberger Q1000 meters located within the Westley Switchyard. The meters are compensated to the Westley Tap, which is the boundary point between the ISO and the TID Control Areas. Data are stored in mass memory and can be retrieved by dial-up telephone as desired, and TID's EMS also monitors these meters on a real-time basis.

    - The instrument transformers are revenue grade instruments, 0.3% accuracy grade, and are located at points to derive the flows into and out of the Westley end of the Los Banos-Westley 230 kV circuit. The current transformer ratios are 1000:5, and PT ratios are 1200:1.

- **Oakdale Switchyard:** Metering at the Oakdale Switchyard consists of primary and backup revenue-grade metering equipment.

    - The meters are Schlumberger Q1000 meters located within the Oakdale Switchyard between group-operated Disconnect Switches 1771. These meters measure the net of the power flow between the ISO and TID Control Areas as occurs at the interconnections to the CCSF Moccasin-Newark 115 kV Lines #3 and #4. Data are stored in mass memory and can be retrieved by dial-up telephone as desired, and TID's EMS also monitors these meters on a real-time basis.

    - The instrument transformers are revenue grade instruments, 0.3% accuracy grade, and are located at points to derive the flows into and out of the Oakdale Switchyard. The current transformer ratios are 400:5, and PT ratios are 600:1.

- **ISO Access to Telemetered data:** TID will provide the ISO with certain parameters defining revenue data and operations data from the defined Interconnection points. The details of this telemetry are shown below and are further described in Service Schedule 9:

- MW
- MWh
- MVAr

SERVICE SCHEDULE 2

Pre-Existing Contract Provisions and Procedures

[Section 3.1.2]

As set forth in ICAA 3.1.2, the ISO and TID will operate in accordance with Pre-Existing Contract rights.

Pre-Existing Contracts: The following descriptions are summaries of key terms of the named agreements as they pertain to this Service Schedule 2. The descriptions do not necessarily reflect all terms and may not include all relevant agreements. TID will provide additional details to the extent needed to implement this Operating Agreement. In the event of a conflict between the descriptions below and the agreements described, the agreements will prevail. This Service Schedule 2 shall be amended as needed to implement this Operating Agreement, consistent with ICAA 9.

INTERCONNECTION AGREEMENT BETWEEN PG&E AND TID, DATED DECEMBER 22, 1987 (IA) *(TERMINATES JUNE 1, 2008, UNLESS EXTENDED BY MUTUAL AGREEMENT OR REGULATORY REQUIREMENT)*

Under the IA, PG&E provides Reserved Transmission Service under the Interconnection Agreement for transactions using Westley Switchyard as the point of delivery or receipt. Recent transactions have included:

Midway to/from TID	32 MW (Curtailment Priority 3)
NCPA/Santa Clara to/from TID	10 MW
Various Points in PG&E's system to/from TID	Up to 25 MW

TID-DON PEDRO OPERATING AGREEMENT *(EXPIRES APRIL 30, 2016, UNLESS EXTENDED BY MUTUAL AGREEMENT)*

TID and Modesto Irrigation District (MID) jointly own the Don Pedro Project, which consists of the Don Pedro dam, powerhouse, reservoir, and related facilities. The Project is directly connected to both the TID and MID electric transmission systems, though TID and MID are not directly connected to each other at the Project. This agreement provides, among other things, for:

- Transfers between TID and MID of both Energy and Spinning Reserve at the Westley Substation;
- Half-hourly schedules, typically scheduled prior to 10 minutes before the half hour; and

- Schedules beginning at any time within the half hour.

TID-MID TRANSMISSION OPERATING AGREEMENT *(EXTENDS THROUGH THE USEFUL LIFE OF THE FACILITIES COVERED)*

Turlock Irrigation District and Modesto Irrigation District jointly own and operate certain 230 kV transmission facilities that connect Walnut Substation, Parker Substation, Westley Switchyard and Tracy Substation.

LONG TERM POWER SALES AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND TURLOCK IRRIGATION DISTRICT. *(EXTENDS THROUGH JUNE 30, 2015, UNLESS EXTENDED BY MUTUAL AGREEMENT)*

TID purchases energy, capacity and spinning reserve from the CCSF Hetch Hetchy Project and may sell Energy to CCSF at the Oakdale Interconnection. As part of the agreement, TID receives priority rights to utilize the CCSF transmission system, including, but not limited to, transmission between (in either direction) the Oakdale Interconnection and CCSF Points of Interconnection with PG&E. Power is scheduled on a half-hourly basis.

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA (TANC). *(EXTENDS THROUGH THE LIFE OF THE CALIFORNIA-OREGON TRANSMISSION PROJECT (COTP) OR THE LIFE OF THE FINANCING ARRANGEMENTS UNDER PROJECT AGREEMENT 3, whichever is longer)*

TID is a member of TANC and has bi-directional transmission rights under Project Agreement 3 on the California Oregon Transmission Project (COTP). Transactions on the COTP are currently scheduled on an hourly basis. Schedules can be arranged within 15 minutes before the operating hour; on an emergency basis, schedules can be changed within an operating hour.

Through TANC, TID also has bi-directional rights to transact on the transmission paths between Midway and Westley and between Midway and Tesla/COTP Terminus utilizing the South of Tesla Scheduling Principles agreed upon August 25, 1989, with curtailment Priority 2.

WESTERN AREA POWER ADMINISTRATION, CONTRACT FOR DIRECT INTERCONNECTION FIRST APPROVED DECEMBER 7, 1994. *(EXPIRES JANUARY 9, 2043, UNLESS EXTENDED BY MUTUAL AGREEMENT)*

TID has the rights to utilize its Westley-Tracy transmission lines to interchange power with other entities at the Tracy 230 kV bus including, but not limited to, sending to or receiving from the COTP transmission line.

CALIFORNIA-OREGON TRANSMISSION PROJECT AND WESTERN AREA POWER ADMINISTRATION FACILITIES INTERCONNECTION AGREEMENT. *(EXTENDS THROUGH THE LIFE OF THE FACILITIES COVERED)*

Through this TANC agreement, TID has the right to transact with parties at the Captain Jack, Tracy, and Olinda substations. Schedules can be arranged up to 15 minutes before the operating hour; however, schedules can be changed within an operating hour on an Emergency basis.

SERVICE SCHEDULE 3

[PRIVILEGED MATERIAL REDACTED PURSUANT TO 18 C.F.R. § 388.112]

SERVICE SCHEDULE 4

RESPECTIVE JURISDICTION FOR OPERATIONAL CONTROL OF INTERCONNECTION (AND OTHER AFFECTED FACILITIES IN THE ISO CONTROL AREA)

[Section 3.2.1]

Westley Interconnection

TID shares with Modesto Irrigation District (MID) ownership of, and operational control, switching, and clearance jurisdiction over, the MID/TID jointly-owned Westley Switchyard.

Metering for the line from Westley Switchyard to the Westley Tap is at Westley Switchyard.

Jurisdiction over other affected facilities in the ISO Control Area:

PG&E owns and has maintenance, switching, and clearance jurisdiction over its transmission lines, and associated facilities, from Los Banos and Tesla substations to the Westley Tap. PG&E coordinates switching and clearance for the line with MID, which has operational control over the Westley Switchyard. The ISO has operational control of the PG&E transmission lines and will be involved in coordination of switching.

Oakdale Interconnection

The City and County of San Francisco owns and has operational control, maintenance, switching, and clearance jurisdiction over both lines, and all their associated facilities, from Moccasin Switchyard, up to, but not including, disconnect switches 101 and 102 at Newark Substation.

TID owns and has maintenance jurisdiction over the taps from both Moccasin-Newark 115 kV lines #3 and #4 into Oakdale Switchyard. The City and County of San Francisco has operational control, switching, and clearance jurisdiction over the TID taps from the San Francisco lines.

Metering for the TID tap lines is at Oakdale Switchyard.

Jurisdiction over other affected facilities in the ISO Control Area:

PG&E owns and has maintenance, switching, and clearance jurisdiction over the Newark Substation. The ISO has operation control of this facility and will be involved in coordination of switching.

SERVICE SCHEDULE 5

SWITCHING OPERATIONS

[Section 3.2.2]

Westley Switchyard: TID and MID handle all routine switching and clearances on the lines or equipment, pursuant to the following procedures.

- TID and MID confer with each other about any scheduled outage nature and duration before removing a line or piece of equipment from service. TID and MID jointly co-ordinate de-energizing and energizing equipment, including operation of all interconnected facilities.

- When TID requests an outage of a line or equipment at Westley Switchyard, TID writes the switching orders for the TID facilities and MID writes the switching orders for the MID facilities. Each entity issues its switching orders only to designated, qualified station and/or field personnel under its jurisdiction.

- MID provides PG&E 72 hours notice of a scheduled outage at the Westley Switchyard.

- After the necessary switching has been completed, the TID Power Control Center Operator confers with MID's Control Center to confirm the status before issuing any clearances.

- Field or station personnel only receive or release clearances from/to their own Control Center. They must log all clearances according to standard operating and logging procedures.

- Any temporary grounds or shorts applied to the line or equipment are removed before reporting clear of the line or equipment.

- Line or station ground disconnects may only be opened after clearances are released and switching orders are issued approving that.

- No switching is performed on the lines or equipment after clearances are issued.

- Once all work is complete, the field or station clearance is released first and the inter-company clearance released last.

- The TID Power Control Center and the MID Control Center coordinate their respective switching orders before performing any switching to return a line or piece of equipment to service.

Moccasin-Newark 115 kV Line No. 3 and No. 4: All routine switching and clearances on the lines or equipment are handled jointly by the City and County of San Francisco (CCSF), PG&E and TID, pursuant to the following procedures.

- CCSF, PG&E, and TID confer with each other about any scheduled outage nature and duration before removing a line or piece of equipment from service. CCSF, PG&E and TID jointly co-ordinate de-energizing and energizing equipment including operation of all interconnected facilities.

- TID sends any outage request for the line or the equipment at Oakdale Switchyard to CCSF, which then coordinates the switching with PG&E and TID. Each entity issues its switching orders only to designated, qualified station and/or field personnel under its jurisdiction.

- After the necessary switching has been completed, the TID Power Control Center Operator confers with CCSF to confirm the status, prior to issuing any clearances.

- Field or station personnel only receive or release clearances from/to their own Control Center. They must log all clearances according to standard operating and logging procedures.

- If temporary grounds or shorts are applied to the line or equipment, they are removed prior to reporting clear of the line or equipment.

- Line or station ground disconnects may only be opened after clearances are released and switching orders are issued approving that.

- No switching is performed on the lines or equipment after clearances are issued.

- After all work is complete, the field or station clearance is released first and the inter-company clearance released last.

- The TID Power Control Center and the CCSF coordinate their respective switching orders before performing any switching to return a line or piece of equipment to service.

SERVICE SCHEDULE 6

REAL-TIME OPERATING LIMITS

[Section 3.2.3.1]

Westley Interconnection

Summer Normal Operating Limit: 600 MW
Summer Emergency Operating Limit: 637 MW

Line Conductor: Summer Normal Rating: 600 MW (1504Amps)
Summer Emergency Rating: 637 MW (1600 Amps)

Winter Normal Operating Limit: 637 MW
Winter Emergency Operating Limit: 637 MW

Line Conductor: Winter Normal Rating: 637 MW (1600 Amps)
Winter Emergency Rating: 637 MW (1600 Amps)

The above rating is applicable to the Los Banos - Westley transmission line. The summer and winter emergency ratings are applicable only during contingency conditions, for less than four (4) hours. Summer ratings are valid April 1 through October 31.

Oakdale Interconnection

Summer Normal Operating Limit: 164 MW
Summer Emergency Operating Limit: 184 MW

Line Conductor: Summer Normal Rating: 82 MW (410 Amps) each line
Summer Emergency Rating: 92 MW (460 Amps) each line

Winter Normal Operating Limit: 178 MW
Winter Emergency Operating Limit: 196 MW

Line Conductor: Winter Normal Rating: 89 MW (449 Amps) each line
Winter Emergency Rating: 98 MW (490 Amps) each line

The above rating is applicable to each individual Oakdale transmission tap line. The summer and winter emergency ratings are applicable only during contingency conditions for less than four (4) hours. Summer ratings are valid April 1 to October 31. TID shall comply with the foregoing import limits in all circumstances by managing TID loads and resources to maintain total imports at or below the simultaneous limit by

limiting flows at each Interconnection point to the lower of the contract or thermal limit at that Interconnection point.

The Parties shall each maintain and have in service and operational at all times an automatic underfrequency load shedding program and associated equipment, designed and implemented in accordance with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan (Final Report, November 25, 1997, as revised December 5, 2003, or as it may be amended by the WECC from time to time) and the WECC Southern Island Load-Tripping Plan (July 22, 1997, or as it may be amended by the WECC from time to time). In addition, during a system emergency, the ISO and TID shall take actions appropriate for the prevalent condition or situation, upon which the Parties shall mutually agree and in accordance with Good Utility Practice as defined in ICAA 2.2.2, such that neither Party shall cause an operational burden on the other Party.

The ISO and TID, through technical analysis, will jointly determine the need for Operating Procedures and/or Operating Nomograms to monitor and maintain the simultaneous flow between the ISO and TID Control Areas within established limits during normal and under specific transmission contingencies. Any developed Operating Procedures or Operating Nomograms will be described in Service Schedule 10 and updated on an annual, or as-required, basis. For any developed Operating Nomogram, each Party shall make available to the other Party, in real-time, generation data and/or line flow data required for maintaining the accuracy of the Operating Nomogram.

SERVICE SCHEDULE 7

VOLTAGE CONTROL

[Section 3.2.5]

TID and ISO operator actions are necessary to ensure system voltages are maintained within operating limits. The specific operator actions related to voltage control are detailed in joint operating procedures developed by TID, the ISO, and other affected entities, as described in Service Schedule 10, which may be changed from time to time by mutual agreement of the Parties and other affected entities. The Parties will use best efforts to maintain the voltage schedules below, subject to the joint operating procedures.

- **Westley Interconnection:** Voltage Limits: 218 - 241 kV
- **Oakdale Interconnection:** Voltage Limits: 113 - 122 kV

The goal for net MVAr exchange between Control Areas is zero. TID and the ISO will monitor the net MVAr exchange and request system voltage adjustments as necessary to minimize the MVAr interchange while maintaining normal voltage ranges.

However, the transmission system voltage profile has a higher priority than net MVAr interchange. When either a high or low voltage limit is approaching, the respective system operator shall take sufficient corrective measures, disregarding the MVAr interchange, to bring the voltage within limits.

SERVICE SCHEDULE 8

INFORMATION EXCHANGE PROCEDURES FOR GRID OPERATIONS

[Section 3.2.6]

Information Exchange

The ISO and TID shall coordinate the exchange of any information concerning the Interconnection facilities and the status of the Control Areas that may affect the operation of the Interconnection or either of the interconnected Control Areas. Real time information shall be communicated in the most efficient method possible through any shared electronic, voice, or facsimile media, including inter-control center communications protocol (ICCP) data transmittal. Service Schedule 9 lists information necessary for the reliable operation of the ISO, TID, and the WECC.

The Parties will provide specific agreed-upon information exchange appropriate for reliable Control Area operations, as required by NERC and WECC.

System Protection

The ISO, TID, and Transmission Owners shall exchange, or ensure exchange of, pertinent information regarding relevant system and protective relaying data, and information to ensure reliable and coordinated system protection. The information shall include, but not be limited to, the type of relays, relaying schemes, breaker failure application, reclosing schemes, and relay settings for the Interconnection ties, system configuration change, addition, and/or removal of any facility, and any other condition that results in changes to relay scheme performance, relay settings, and increase or decrease in the short circuit duty at the Interconnection bus.

SERVICE SCHEDULE 9

INTERCONNECTION INFORMATION

[Section 3.2.6.1]

Information necessary for the reliable operation of the ISO, TID and the WECC includes, but is not limited to, the following operational data:

1. Real-time data on the Interconnection, including instantaneous MW and MVAr outputs and hourly MWh-in and MWh-out outputs for each tie line and/or at each Interconnection point, which data will be telemetered to the ISO over the existing ICCP data link. In addition, back-up tie line outputs for each tie line instantaneous MW and MVAr outputs will be telemetered to the ISO by means of equipment that will be agreed to by TID and the ISO;
2. Major transmission Outages, planned or unplanned, as they occur or are effected;
3. Restoration of major transmission facilities after planned or unplanned Outages;
4. Loss or impairment of certain reactive equipment;
5. Loss of load or resources resulting in detectable frequency variation;
6. Detectable significant weather data and/or atmospheric conditions;
7. Significant conditions such as fires, floods, and earthquakes;
8. Activation or deactivation of RAS equipment;
9. Any planned or unplanned operation that can or will impair the availability or transfer capability of resources;
10. Activation of Emergency Command Centers;
11. Fuel supply emergency conditions resulting in loss of resources; and
12. Real-time information on interchange schedule changes.

SERVICE SCHEDULE 10

JOINT OPERATING PROCEDURES

[Section 3.2.7]

Beyond that included in the body of the Operating Agreement or other schedules included herein, no additional joint operating procedures currently exist. However, the Parties will develop operating procedures providing for emergency wheeling services within the ISO Control Area in response to real time outages or curtailments of transmission paths. Such procedures will be implemented in coordination with any other affected Control Area and, to the extent transmission capacity is available, will be utilized for schedules immediately upon notification of an outage or curtailment. Such emergency wheeling service is to remain in place until the next opportunity for TID to schedule the transmission path in an available ISO market.

Other coordinated operating procedures involving the ISO and TID Control Areas, and the operators of affected transmission facilities, if required, shall be jointly developed as the need arises.

SERVICE SCHEDULE 11

INFORMATION EXCHANGE AND COORDINATION FOR SCHEDULING AND DISPATCH

[Section 5.1]

Subject to ICAA 3.1.2, all energy, ancillary services, or capacity schedules and deliveries of TID transactions between the TID and ISO Control Areas shall be submitted via the ISO scheduling system as described in the ISO Tariff.

A. Preschedule Checkout Procedures

Day-Ahead Process: Unless otherwise provided in this Operating Agreement, the ISO will confirm net interchange schedules with TID, based on schedules submitted by Scheduling Coordinators within the parameters of the ISO's Day-Ahead Market or Pre-Existing Contracts after the ISO issues final Day-Ahead schedules.

The ISO and TID will confirm final scheduled interchange by telephone, and the ISO will recognize and accommodate TID's right to pre-schedule its imports and exports.

Hour-Ahead Process: Unless otherwise provided in this Operating Agreement, the ISO will confirm hourly net interchange schedules with TID based on schedules submitted by Scheduling Coordinators within the parameters of the ISO's Hour-Ahead Market or Pre-Existing Contracts. Interchange schedules submitted by Scheduling Coordinators for Pre-Existing Contract rights holders that retain rights to modify or submit schedules after the close of the ISO Hour Ahead Market (some of which rights may be subject to termination as provided in ICAA 3.1.2) will be accepted, but no later than 20 minutes before the beginning of the applicable operating hour, and the ISO will confirm net interchange schedules with TID when such schedules are modified or submitted.

TID operators will communicate with the CAISO operators routinely. Best efforts will be made to confirm Day-ahead schedules prior to 1500. Schedules for each hour will be confirmed prior to the beginning of the hour.

B. Real Time Checkout Procedures

The ISO will confirm net interchange schedules with TID on a real-time basis, as required to meet NERC and WECC criteria.

C. After-the-Fact Checkout Procedures

The ISO will re-confirm net interchange schedules and actuals with TID after the close of each settlement period (the scheduling hour, "Hour Ending") as

required to meet the obligations of inadvertent interchange energy accounting of prevailing NERC or WECC policy. No unilateral part-hour changes of interchange schedules will be allowed, except in the event of a contingency. Unless mutually agreed by the ISO and TID, no retroactive changes of interchange schedules will be permitted or accommodated. After-the-fact checkout of daily interchange schedules and actuals will be possible after 0010 the following day. Net interchange schedules and actuals may also be re-confirmed on a monthly basis.

SERVICE SCHEDULE 12

OUTAGE COORDINATION PROCEDURES

[Section 6.1]

Outage Coordination Principles

The ISO Outage Coordination Office (OCO) and the TID Power Control Center (PCC) will coordinate Outage scheduling with each other and with directly affected Transmission Owners and the interconnected Control Area operators on the following types of equipment, to the extent that such Outages will affect the operation of the Interconnection:

1. Interconnected transmission lines;
2. Interconnected transmission equipment including circuit breakers, transformers, disconnects, reactive devices, wave traps;
3. Protection and control schemes, including RAS; and
4. Facilities within either Control Area that affect the transfer capability of the Interconnection or otherwise affect the Control Areas.

The Party requesting an Outage may be required to submit procedures and diagrams to facilitate the switching for the Outage.

The Outage coordination schedule will be generally as follows:

1. **October Outage coordination conference:**
   Each year by October 15, the ISO will gather annual Outage schedules from the Participating Transmission Owners. The Parties will confer with each other and with other WECC entities to begin the annual Outage coordination process. TID and the ISO also will share and coordinate Outages according to this schedule.
2. **Quarterly Confirmation:**
   Each quarter (on the 15th of January, April, and July) the Transmission Owners will update and confirm their Outage schedules with the ISO and TID and provide additional information for Outages within the next "rolling" twelve-month period. At that time, the Parties will look ahead at the following quarter and at the three following quarters and will confirm Outage schedules for the coming year.
3. **Outage Schedule Revisions:**
   Changes, additions, and cancellations to the annual/quarterly Outage schedule can be made at any time. However, the minimum notification for Outage requests is governed by WECC and NERC.

Switching for scheduled Outages will be coordinated by the ISO Control Center, the affected Transmission Owners, and the TID PCC.

- **Where the Outage involves facilities in the ISO Control Area**, the Parties will coordinate with the directly affected Transmission Owner(s). The ISO Control Center and the TID PCC will work with the Transmission Owner to agree to start the Outage. The ISO Control Center will direct the Transmission Owner(s) to perform the necessary switching in coordination with the TID PCC and then to report to the ISO Control Center the condition of the affected facilities.

  Likewise, when the facilities are returned to service, the ISO Control Center will direct the Transmission Owner(s) to work with TID to perform necessary switching in preparation to return the facilities to service.

  Clearances will be exchanged between the Transmission Owners and the TID PCC.

  The ISO OCO will maintain a record of each Outage as it is implemented. Such records will be available for inspection by the owner of the respective facilities.

- **Where the Outage involves facilities in the TID Control Area,** the Parties will coordinate with each other and, where operationally necessary, with any directly affected Transmission Owner(s) in the ISO Control Area. The TID PCC, the ISO Control Center, and the Transmission Owner(s) will coordinate to start the Outage. The Transmission Owner(s) will then perform the necessary switching in coordination with the TID PCC and then to report to the ISO Control Center the condition of the affected facilities.

  Likewise, when the facilities are returned to service, the ISO Control Center will direct the Transmission Owner(s) to work with TID to perform necessary switching in preparation to return the facilities to service.

  Clearances will be exchanged between the TID PCC and the Transmission Owner(s). The TID PCC will also keep records of the Outages and clearances.

  The TID PCC will maintain a record of each Outage as it is implemented. Such records will be made available for inspection by the ISO and the Transmission Owner(s).

ISO Preferred Methods of Submitting Outages Requests

The primary method of submitting requests for outages of ISO Controlled Grid facilities is via the ISO's "SLIC" internet application (i.e., ISO's electronic Outage request tool). If that application is unavailable or an interface to other Control Area applications has not been established, other methods may be used, including:

1. E-mail to: outage.folsom@caiso.com
2. Phone: 916-351-2300
3. Fax: 916-351-2367

All questions pertaining to communications with the ISO Outage Coordination Office should be presented to the ISO by phone to: 916-351-2300.

SERVICE SCHEDULE 13

EMERGENCY ASSISTANCE ARRANGEMENTS

[Section 7.1]

To the extent possible, the Parties will 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. ISO and TID operators will agree upon and log MW values, start and end times, ramp rates and times, and integrated MWh values for any emergency assistance provided.

The price paid for ISO emergency assistance will be at the ISO market price for energy and/or capacity, plus all applicable charges, as specified in the ISO Tariff and Protocols, unless otherwise agreed to by the Parties. Such price may be estimated prior to delivery and finalized in the settlement process. If necessary, the ISO will establish a business associate account for TID for the sole purpose of facilitating the settlement of such emergency assistance. Payment to the ISO for such emergency assistance will be made in accordance with the settlement process, billing cycle, and payment timeline set forth in the ISO Tariff and Protocols. TID shall not arrange for delivery of, or incur obligation for, the emergency assistance if TID is not willing to accept the aforementioned terms and conditions.

The price and other terms and conditions for TID emergency assistance will be determined pursuant to the applicable rate schedule adopted by the TID Board and shall not be pursuant to this Operating Agreement, and the terms set forth in the applicable TID rate schedule shall apply if the ISO accepts emergency assistance from TID. The ISO shall not arrange for delivery of the emergency assistance if the ISO is not willing to accept the terms and conditions of the TID rate schedule. It is, however, understood and agreed that the ISO Tariff and Protocols may not provide for payment as specified in the applicable TID rate schedule; therefore, payment in accordance with the ISO's normal process, billing cycle, and payment timeline for routine energy settlements set forth in the ISO Tariff and Protocols shall not constitute a breach or a default under this Operating Agreement or the applicable TID rate schedule.

Each Party is the sole judge of its ability to provide emergency assistance to the other Party.

Except as provided above, any sale or supply of energy, capacity, or Ancillary Services between the Parties may be provided only by separate and mutual agreement; however, without a separate agreement:

(1) TID may sell or supply to the ISO, pursuant to the ISO Tariff; and

(2) Inadvertent energy flows between the Parties will be settled per WECC policies and procedures.

SERVICE SCHEDULE 14

INDEPENDENT OPERATION DUTIES AND RESPONSIBILITIES

[Section 7.4]

Normally, all switching operations are coordinated with all appropriate Control Area operators prior to performing any actual switching. In situations where the immediate personnel or public safety is an issue, switching may be accomplished without coordination with other Control Area entities and notification provided afterwards, as stated in ICAA 7.4.

SERVICE SCHEDULE 15

RESTORATION COORDINATION

[Section 7.5]

TID and the ISO will work in close cooperation with the pertinent WECC Reliability Coordinator to maximize the reliability of interconnected operations. As appropriate, priority will be placed by both Parties on restoration of the Interconnection. The Interconnection will be closed only on orders from the ISO and TID.

SERVICE SCHEDULE 16
[RESERVED]

SERVICE SCHEDULE 17

INTER-CONTROL AREA REQUIREMENTS FOR SCHEDULING AND DYNAMIC DELIVERY OF ENERGY, SUPPLEMENTAL ENERGY, AND ENERGY ASSOCIATED WITH NON-REGULATION ANCILLARY SERVICES

1. General

1.1 Purpose. This Service Schedule 17 sets forth the requirements and processes for scheduling and delivering dynamically energy, supplemental energy, and energy associated with ancillary services (other than regulation service) into the ISO Control Area from TID (referred to herein as the "Host Control Area"). The ISO requires an entity ("Requesting Entity") requesting to implement such an arrangement to be represented by a Scheduling Coordinator in any associated ISO processes. The Requesting Entity must coordinate its request with the ISO and the Host Control Area and satisfy requirements that encompass technical matters (energy management system ("EMS")/automatic generation control ("AGC") and communications), interchange scheduling, telemetry, and aspects of interconnected Control Area operations.

1.2 NERC/WECC Operating Standards Observed. Nothing in this Service Schedule 17 is intended to change, supercede, or alter either Party's obligations to abide by NERC standards and policies and WECC criteria.

1.3 Applicable Standards. This Service Schedule 17 incorporates, by reference, the ISO Tariff Dynamic Scheduling Protocol. The Host Control Area also has certain specific implementation requirements to ensure that NERC and WECC policies and criteria are satisfied.

1.4 Meaning of "System Resource". "System Resource" is defined in the ISO Tariff and, in the context of this Service Schedule 17, may include combinations of resources as described in the ISO Tariff Dynamic Scheduling Protocol.

2. Telecommunications Requirements

The ISO and Host Control Area shall establish and maintain real time, redundant, and diversely routed communications links between the ISO EMS and the Host Control Area EMS, with the primary link utilizing the standard inter-control center communications protocol ("ICCP"), in accordance with the ISO Tariff Dynamic Scheduling Protocol and Host Control Area protocols.

3. Telemetry

For each operating hour for which a System Resource is scheduled to deliver energy, supplemental energy, and/or energy associated with any non-regulation ancillary services to the ISO Control Area, the Host Control Area shall provide, via the ICCP communication links to the ISO EMS, the data for each System Resource as set forth in the ISO Tariff Dynamic Scheduling Protocol and Host Control Area protocols.

4. Interchange Scheduling Requirements

4.1 Dynamic Scheduling. The Host Control Area will support a Requesting Entity's application to arrange dynamic interchange schedules for the delivery of energy to the ISO Control Area, reflecting the System Resource's instantaneous energy production or allocation level and taking into account available transmission capacity. All schedules need to be e-tagged in accordance with NERC and WECC requirements and practices, as provided in Section 5.2 of this Service Schedule 17.

4.2 Treatment of Area Control Error ("ACE"). The Host Control Area shall instantaneously compensate its AGC for the System Resource's energy output that is generated or allocated for establishing the dynamic schedule to the ISO, such that the System Resource energy production or allocation changes have an equal in magnitude and opposite in sign effect on the Host Control Area's ACE.

4.3 Integration of Dynamic Scheduling. For each operating hour during which energy was dynamically scheduled for delivery to the ISO Control Area, the Host Control Area shall compute an integrated amount of interchange based on the System Resource's integrated energy production, by integrating the instantaneous System Resource production levels. Such integrated MWH value shall be agreed to hourly by the ISO and Host Control Area real time schedulers.

4.4 Delivery of Megawatts ("MW"). The Host Control Area shall not be obligated to make up any difference between the dynamic energy schedule and the MW being generated or allocated by the System Resource.

4.5 Access to Information. The Parties agree to exchange information related to telemetry sent and received with respect to the dynamic delivery of energy under this Service Schedule 17 (i) at the request of the other Party for purposes of after-the-fact interchange accounting or (ii) on demand for any other purpose.

5. Other Host Control Area Responsibilities

5.1 Operational Jurisdiction. The Host Control Area will have, at a minimum, the level of operational jurisdiction over the System Resource and the associated dynamic schedule that NERC and WECC vest in Host Control Areas.

5.2 E-Tagging. The Host Control Area must support associated e-tagging as described in the ISO Tariff Dynamic Scheduling Protocol, which will be consistent with NERC and/or WECC requirements.

5.3 Real-Time Adjustments. The Host Control Area must have a means to manually override and/or otherwise adjust the dynamic signal in real time, if needed.

5.4 Coordination with Other Control Areas. The Host Control Area must provide in real time the instantaneous value of each dynamic schedule to every intermediary Control Area through whose systems such dynamic schedule may be implemented to the ISO.

6. Other

6.1 Losses. A Requesting Entity shall be responsible for transmission losses caused by transmitting energy, supplemental energy, and energy associated with ancillary services (other than regulation service) within or across the Host Control Area and ISO systems, in accordance with the applicable ISO and Host Control Area requirements.

6.2 Certification. Only a Requesting Entity meeting ISO-certified System Resource/Host Control Area arrangements and separate applicable Host Control Area requirements will be allowed to bid or self provide ancillary services in the ISO's ancillary services market through an ISO-certified Scheduling Coordinator.

6.3 No Guarantee of Award. Certification of a System Resource/Host Control Area arrangement allows for bidding of supplemental energy and/or certain ancillary services into the ISO market; it does not guarantee selection of such bid.

6.4 Performance Assessment. The ISO will monitor and measure dynamically imported ancillary services, whether bid or self-provided, against the performance benchmarks described in the ISO Tariff Dynamic Scheduling Protocol.

7. CONSENT TO IMPLEMENTATION OF DYNAMIC SYSTEM RESOURCES

Each dynamically scheduled System Resource shall be permitted pursuant to this Service Schedule 17 only upon written consent of both the Host Control Area

and the ISO, which written consent may be communicated by e-mail, and only if the System Resource is subject to a Dynamic Scheduling Agreement for Scheduling Coordinators with the ISO.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents as described in those documents, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Folsom, California, on this 19th day of October, 2005.

BRM

John Anders