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July 1, 2008

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

**Re: California Independent System Operator Corporation
Docket No. ER08-____-000**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, the California Independent System Operator Corporation ("ISO") submits for Commission filing and acceptance an amendment ("Amendment No. 2") to the Participating Load Agreement ("PLA") between the ISO and the California Department of Water Resources ("CDWR").¹ The ISO requests that Amendment No. 2 be made effective on August 31, 2008, *i.e.*, sixty days after the instant filing was submitted.

I. Background

The PLA sets forth the terms and conditions that govern the provision by Load resources of Ancillary Services and Supplemental Energy, in a manner analogous to the Participating Generator Agreement with regard to generating resources. The purpose of the PLA is to increase participation of Load resources in the ISO's markets.

The ISO filed the original PLA with CDWR on July 20, 2001 in Docket No. ER01-2632-000, and it was accepted by a Commission letter order issued on

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

September 13, 2001. Amendment No. 1 to the PLA was filed on May 24, 2006 in Docket No. ER06-1045-000 and accepted by a Commission letter order issued on July 13, 2006, subject to certain non-substantive changes. The ISO filed the PLA with the required changes on July 28, 2006 in Docket No. ER06-1045-001, and the ISO's filing was accepted by a Commission letter order issued on August 23, 2006.²

II. Amendment No. 2

The purpose of Amendment No. 2 is to revise Section 3.2 of the PLA to state that the PLA will terminate on September 10, 2011 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2, subject to Commission acceptance of a timely notice of termination.³ The CAISO and CDWR agree that the benefits of the PLA justify extending its term pursuant to Amendment No. 2.

III. Correspondence

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

John Anders
Assistant General Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7246
E-mail: janders@caiso.com

Bradley R. Miliauskas
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950 F Street, NW
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Tel: (202) 756-3300
Fax: (202) 756-3333
E-mail:
bradley.miliauskas@alston.com

IV. Service and Materials Included in this Filing

Copies of this filing have been served on CDWR, the California Public Utilities Commission, and all entities on the service lists for Docket Nos. ER01-2632 and ER06-1045. In addition, a copy of this filing has been posted on the ISO's website.

² Pursuant to these non-substantive changes, the PLA the Commission accepted on August 23, 2006 was designated as Original Service Agreement No. 660. See also *infra* note 4.

³ The current version of Section 3.2 of the PLA contains the same provisions, except that it states that the latest the PLA will terminate is September 10, 2008.

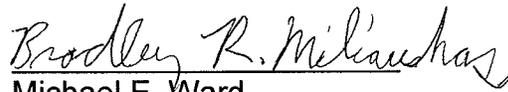
Enclosed for filing are six copies of each of the following:

- (1) this letter of transmittal;
- (2) the executed Amendment No. 2 (Attachment A);
- (3) the PLA as modified by Amendment No. 2, provided in a format that complies with the Commission's Order No. 614 (Attachment B);⁴ and
- (4) a black-lined document showing the modifications made to the PLA pursuant to Amendment No. 2 (Attachment C).

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

Respectfully submitted,

Nancy Saracino
General Counsel
John Anders
Assistant General Counsel
California Independent System
Operator Corporation
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Folsom, CA 95630
Tel: (916) 351-4400
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Fax: (202) 756-3333

Attorneys for the California Independent
System Operator Corporation

Enclosures

⁴ *Designation of Electric Rate Schedule Sheets*, Order No. 614, FERC Stats and Regs. ¶ 31,096 (2000). Because the most recent version of the PLA the Commission has accepted is designated as Original Service Agreement No. 660, the amended PLA included in the instant filing is designated as First Revised Service Agreement No. 660.

ATTACHMENT A

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AMENDMENT NO. 2
to the
PARTICIPATING LOAD AGREEMENT
BETWEEN
THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA AND
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

1. PARTIES: The parties to this Amendment No. 2 ("Amendment No. 2") to the Participating Load Agreement between the California Independent System Operator Corporation and the State of California, Department of Water Resources, dated September 10, 2000 ("Agreement"), are the State of California, Department of Water Resources ("DWR") and the California Independent System Operator Corporation ("ISO") and, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. RECITALS: Amendment No. 2 to the Participating Load Agreement ("PLA") is made with reference to the following facts:

2.1 The Parties are signatories to a PLA, dated September 10, 2000, which was subsequently amended by Amendment No. 1, executed on February 6, 2006 between the Parties to extend the term of the PLA.

The Agreement, pursuant to Amendment No. 1 that extended the term of the Agreement, is scheduled to expire on September 10, 2008 if the Parties fail to take necessary action.

2.2 The Parties intend to extend the Agreement by entering into Amendment No. 2, from the Agreement's original termination date of September 10, 2003 to September 10, 2011, in order to continue the terms and conditions established in the Agreement.

2.3 In all other respects, the Parties intend that the Agreement remain in full force and effect in accordance with its terms.

3. AGREEMENT: The Parties agree as follows:

4. EFFECTIVE DATE: This Amendment No. 2, when duly executed by DWR and ISO, and approved by the California Department of General Services, and accepted for filing and made effective by the Federal Energy Regulatory Commission ("FERC"), shall become effective as of

1 the Agreement's termination date identified in Section 6 of Amendment No. 1 or on such other
2 date as FERC may designate.

3 5. TERMINATION: This Amendment No. 2 shall remain in full force and effect until the
4 termination of the Agreement.

5 6. AMENDMENT: The Parties agree to delete Section 3.2 of the Agreement in its entirety and
6 replace this section with the following:

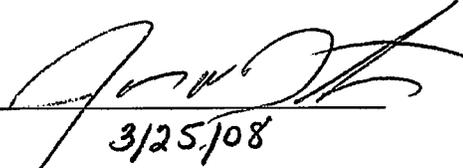
7 **3.2 Termination.** This Agreement shall terminate on September 10, 2011 or upon such
8 earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this
9 Agreement shall be contingent upon acceptance by FERC of a notice of termination. The
10 ISO shall timely file any notice of termination with FERC.

11 7. EFFECT ON AGREEMENT: Except as specifically modified in this Amendment No. 2, no other
12 section in the Agreement has been modified, and the Agreement, as amended, shall remain in full
13 force and effect in its entirety.

14 8. SIGNATURE CLAUSE: The signatories represent that they have been appropriately authorized
15 to enter into this Amendment No. 2 on behalf of their respective Parties. This Amendment No. 2 is
16 executed as of the 29 day of May, 2008.

18 CALIFORNIA INDEPENDENT
19 SYSTEM OPERATOR CORPORATION

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

20
21
22 By: 
23 3/25/08

By: 
24 Raphael A. Torres,
25 Deputy Director



Approved as to legal form and sufficiency

By: David Sandino
David Sandino
Chief Counsel

4/28/09

Approved as to legal form
and sufficiency:

M. J. ...
Asst Chief Counsel, DWR

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ATTACHMENT B

**PARTICIPATING LOAD AGREEMENT WITH
CALIFORNIA DEPARTMENT OF WATER RESOURCES**

Issued By: Anjali Sheffrin, Ph.D., Chief Economist and Director
of Market & Product Development
Issued On: July 1, 2008

Effective: August 31, 2008

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

**CALIFORNIA DEPARTMENT OF WATER
RESOURCES**

PARTICIPATING LOAD AGREEMENT

PARTICIPATING LOAD AGREEMENT (PLA)

THIS AGREEMENT is dated this 10th day of September, 2000 and is entered into, by and between:

(1) **California Department of Water Resources**, having its registered and principal place of business located at 1416 Ninth Street, Sacramento, CA 95814-5515 (the "Participating Load");

and

(2) **California Independent System Operator Corporation**, 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 (the "ISO").

The Participating Load and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A.** The ISO Tariff provides that the ISO shall not schedule Ancillary Services from a Load interconnected to the ISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC otherwise than through a Scheduling Coordinator.
- B.** The ISO Tariff further provides that Curtailable Demand or Dispatchable Load services shall be provided by Participating Loads.
- C.** The Participating Load desires to provide Curtailable Demand or Dispatchable Load services, intends to submit Adjustment Bids, Supplemental Energy bids or Ancillary Services bids, or self-provided schedules to the ISO through a Scheduling Coordinator and, therefore, represents to the ISO that it will comply with the applicable provisions of the ISO Tariff.
- D.** The Parties are entering into this Agreement in order to establish the terms and conditions on which the ISO and the Participating Load will discharge their respective duties and responsibilities under the ISO Tariff.

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

ARTICLE I DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
 - (b) the singular shall include the plural and vice versa;
 - (c) the masculine shall include the feminine and neutral and vice versa;
 - (d) “includes” or “including” shall mean “including without limitation”;
 - (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
 - (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
 - (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
 - (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
 - (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
 - (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
 - (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II ACKNOWLEDGEMENTS OF PARTICIPATING LOAD AND ISO

- 2.1 ISO Responsibility.** The Parties acknowledge that the ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid consistent with achievement of planning and operating reserve criteria no less stringent than those established by the Western Systems Coordinating Council and the North American Electric Reliability Council and further acknowledge that the ISO may not be able to satisfy fully these responsibilities if the Participating Load fails to fully comply with all of its obligations under this Agreement and the ISO Tariff.
- 2.2 Scope of Application to Parties.** The Participating Load and ISO acknowledge that all Loads which desire to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided schedules to the ISO through a Scheduling Coordinator must be included in Schedule 1 to this Agreement. The Participating Load warrants that it owns, operates, or has sufficient contractual entitlement to provide Curtailable Demand and Dispatchable Load services from such Loads in accordance with the ISO Tariff.

ARTICLE III TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall be effective as of the later of the date it is executed by the Parties, the date of approval by the California Department of General Services, or the date accepted for filing and made effective by FERC, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.
- 3.1.1 Partial Effectiveness Contingency.** With regard to individual Loads or aggregated Loads receiving incentives for interruption under an existing program approved by a Local Regulatory Authority as identified in Schedule 1, this Agreement shall not be effective pursuant to Section 3.1 with regard to those individual or aggregated Loads' participation in the ISO's Ancillary Services markets unless the Local Regulatory Authority has authorized participation in the ISO's Ancillary Services markets by Loads receiving incentives for interruption under such an existing program.
- 3.2 Termination.** This Agreement shall terminate on September 10, 2011 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this Agreement shall be contingent upon acceptance by FERC of a notice of termination. The ISO shall timely file any notice of termination with FERC.

- 3.2.1 Termination by ISO.** Subject to Section 5.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the Participating Load commits any material default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given, to the Participating Load, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. 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 thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.
- 3.2.2 Termination by Participating Load.** In the event that the Participating Load no longer wishes to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Service bids or self-provided schedules over the ISO Controlled Grid, it may terminate this Agreement, on giving the ISO ninety (90) days written notice, provided, however, that in accordance with Section 4.4, the Participating Load may modify Schedule 1 to eliminate Load which it no longer provides for and such modification shall be effective upon receipt by the ISO. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. 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 thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

ARTICLE IV GENERAL TERMS AND CONDITIONS

4.1 Technical Characteristics.

- 4.1.1 Curtailable Demand.** As required by Section 2.5.6.1 of the ISO Tariff, the Participating Load shall provide the ISO with all technical and operational information requested in Schedule 1 for each Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated by the Participating Load as providing Curtailable Demand, Schedule 1 requires the Participating Load to indicate in Schedule 1 whether the Load can be scheduled or bid as Non-Spinning Reserve or Replacement Reserve. Pursuant to Section 2.5.25 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 1 for Curtailable Demands.
- 4.1.2 Dispatchable Load.** The Participating Load shall provide the ISO that information required in Schedule 1 which is relevant to the Dispatchable Load

that it owns, operates, or has a contractual entitlement to for the provision of Adjustment Bids.

4.2 Metering and Communication.

4.2.1 Curtailable Demand. Pursuant to Sections 2.5.6.2 and 2.5.6.3 of the ISO Tariff, Curtailable Demand that is scheduled or bid as Non-Spinning Reserve or Replacement Reserve is required to comply with the ISO's communication and metering requirements.

4.2.2 Dispatchable Load. The Participating Load shall schedule Dispatchable Load pursuant to Section 2.2.11.1 of the ISO Tariff. Dispatchable Load shall comply with the ISO's communication and metering requirements.

4.3 UDC Interruptible Load Programs. Due to the ISO's reliance on interruptible Loads to relieve System Emergencies and its contractual relationship with each UDC, the ISO will not accept, and the Participating Load shall not submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided Ancillary Service Schedules from interruptible Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the ISO Tariff.

4.4 Notification of Changes. Sixty (60) days prior to changing any technical information in Schedule 1, the Participating Load shall notify the ISO of the proposed change(s). Pursuant to Section 2.5.25 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in the revised Schedule 1. The ISO shall post on the ISO Home Page a schedule showing, for at least one year in advance: (i) the proposed dates on which the ISO's Master File will be updated; (ii) the dates on which the information contained in the revised Master File will become effective; and (iii) the deadlines by which changed technical information must be submitted to the ISO in order to be tested and included in the next scheduled update of the ISO's Master File. Unless the Load fails to test at the values in the proposed change(s), the Participating Load's proposed change(s) will become effective upon the effective date for the next scheduled update of the Master File, provided that the Participating Load submits the changed information by the applicable deadline and is tested by the deadline. Subject to such notification this Agreement shall not apply to any Loads identified in Schedule 1 which the Participating Load no longer owns or no longer has a contractual entitlement to.

4.5 Agreement Subject to ISO Tariff. The Parties will comply with all applicable provisions of the ISO Tariff, including Sections 2.3.2, 2.5 and 10, except that for the period June 15, 2000 through October 15, 2000 the Participating Load that has responded to a Dispatch instruction will be exempt from the requirements of ISO Tariff Section 2.5.26.2.3 in the hour of the Dispatch and for the following two (2) hours. This Agreement shall be subject to the ISO Tariff, which shall be deemed to be incorporated herein.

4.6 Obligations Relating to Ancillary Services

- 4.6.1 Submission of Bids and Self-provided Schedules.** When the Scheduling Coordinator on behalf of the Participating Load submits a bid or self-provided schedule for Ancillary Services, the Participating Load will, by the operation of this Section 4.6.1, warrant to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it will comply with ISO Dispatch instructions for the provision of the service in accordance with the ISO Tariff.
- 4.6.2 Certification.** The Participating Load shall not use a Scheduling Coordinator to submit a bid for the provision of an Ancillary Service or submit a schedule for the self provision of an Ancillary Service unless the Scheduling Coordinator serving that Participating Load is in possession of a current Ancillary Service certificate pursuant to Sections 2.5.6 and 2.5.24 of the ISO Tariff.
- 4.7 Obligations relating to Major Incidents.** The Participating Load shall promptly provide such information as the ISO may reasonably require in relation to the ISO's investigations of operating situations or events, or for the ISO's reporting to the authorities such as the FERC, California Public Utilities Commission, Western Systems Coordinating Council, or North American Electric Reliability Council.

ARTICLE V PENALTIES AND SANCTIONS

- 5.1 Penalties.** If the Participating Load fails to comply with any provisions of this Agreement, the ISO shall be entitled to impose penalties and sanctions on the Participating Load, including the penalties set forth in Section 2.5.26 of the ISO Tariff. No penalties or sanctions may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the Participating Load to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the Participating Load.
- 5.2 Corrective Measures.** If the Participating Load fails to meet or maintain the requirements set forth in this Agreement and/or the ISO Tariff, the ISO shall be permitted to take any of the measures, contained or referenced in the ISO Tariff, which the ISO deems to be necessary to correct the situation.

**ARTICLE VI
COSTS**

- 6.1 Operating and Maintenance Costs.** The Participating Load shall be responsible for all its costs incurred in meeting its obligations under this Agreement for the Load identified in Schedule 1.

**ARTICLE VII
DISPUTE RESOLUTION**

- 7.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

**ARTICLE VIII
REPRESENTATIONS AND WARRANTIES**

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 8.2 Necessary Approvals.** The Participating Load represents that all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own and/or operate its Load have been or will be obtained by the Participating Load prior to the effective date of this Agreement.

**ARTICLE IX
LIABILITY**

- 9.1 Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

**ARTICLE X
UNCONTROLLABLE FORCES**

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 15 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 15 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

**ARTICLE XI
MISCELLANEOUS**

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 17 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 20.1 of the ISO Tariff. A Party must update the information in Schedule 3 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waivers 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 other 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.
- 11.4 Governing Law and Forum.** 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, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 20.8 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.

- 11.6 Merger.** This Agreement, including Appendix A, which is hereby incorporated by reference and made a part of this Agreement, constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 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.
- 11.8 Section Headings.** Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the ISO to unilaterally make application to the Federal Energy Regulatory Commission for a change in the rates, terms and conditions under section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.
- 11.10 Counterparts.** This 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 Agreement.

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

California Independent System Operator Corporation

By: _____
Name: _____
Title: _____
Date: _____

California Department of Water Resources

By: _____
Name: _____
Title: _____
Date: _____

SCHEDULE 1

Name of ALMDS Facility or Individual Load	ISO Resource ID	Present Scheduling Point (i.e. Take Out Point, Load Group, or Demand Zone)	Capacity Available ¹ (MW)	Minimum Operating Level ¹ (MW)	Maximum Operating Level ^{1,2} (MW)	Decremental Ramp Rate ^{1,2} (MW/min)	Ancillary Service Provider (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations ³ (Yes or No)
Delta (Banks) Pumping Plant	CWR4_LG [DELTSW_2_PUMP]	PGE3	257	-275	0	25	Yes	No	Yes
Dos Amigos Pumping Plant	CWR4_LG [DOSMGO_2_PUMP]	PGE3	159	-174	0	16	Yes	No	Yes
Buena Vista Pumping Plant	CWR5_LG [BUENVS_2_PUMPA] [BUENVS_2_PUMPB] [WHELPP_2_PUMP1]	PGE4	42	-59	0	10	Yes	No	Yes
Wheeler Ridge (Teerink) Pumping Plant	CWR5_LG [WHELPP_2_PUMP1] [WHELPP_2_PUMP2]	PGE4	52	-52	0	29	Yes	No	Yes
Wind Gap (Chrisman) Pumping Plant	CWR5_LG [WINDGPP_2_PUMP1]	PGE4	54	-61	0	9	Yes	No	Yes
Edmonston	CWR6_LG	PGE4	60	-69	0	7	Yes	No	Yes
		SCE1	110	-124	0	10	Yes	No	Yes
	[WINDGPP_2_PUMP2]	PGE4	128	-145	0	11	Yes	No	Yes
			854	-787	0	31	Yes	No	Yes

¹ Current effective values for purposes of scheduling Energy and bidding to provide Energy and/or Ancillary Services in ISO markets may differ from those set forth in this Schedule 1, depending on the results of ISO performance testing pursuant to Sections 2.5.24 and 2.5.25 of the ISO Tariff and Section 9 of the ISO Ancillary Services Requirements Protocol.

² These values are subject to certification by the ISO in accordance with Section 4.6.2 of the Participating Load Agreement.

³ If "Yes," the Participating Load's participation in the Non-Spinning Reserve market is contingent on a minimum duration time of thirty (30) minutes, followed by a minimum return to schedule time of 100 MW per five (5) minutes.

PARTICIPATING LOAD AGREEMENT

Name of ALMDS Facility or Individual Load	ISO Resource ID	Present Scheduling Point (i.e. Take Out Point, Load Group, or Demand Zone)	Capacity Available ¹ (MW)	Minimum Operating Level ¹ (MW)	Maximum Operating Level ^{1,2} (MW)	Decremental Ramp Rate ^{1,2} (MW/min)	Ancillary Service Provider (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations ³ (Yes or No)
Pumping Plant	[EDMONS_7_PUMP]								
Oso Pumping Plant	CWR6_LG [OSO_6_PUMP]	SCE1	72	-74	0	11	Yes	No	Yes
Pearblossom Pumping Plant	CWR6_LG [PEARBL_2_PUMP]	SCE1	137	-145	0	15	Yes	No	Yes
Hyatt/Thermolito P/G	HYTTTHM_2_V200LD	HYTTTHM_2_V200LD	933	-475	950	100	Yes	No	Yes
San Luis P/G	SLUISP_2_V200LD	SLUISP_2_V200LD	421	-410	421	100	Yes	No	Yes

SCHEDULE 2**ISO IMPOSED PENALTIES AND SANCTIONS
[Section 5.1]**

Incentive Mitigation. For individual Loads or aggregated Loads receiving incentives for interruption under existing programs approved by a Local Regulatory Authority as identified in Schedule 1, the Participating Load shall not receive a capacity payment or credit for Ancillary Services bids or self-provided Ancillary Service Schedules for the time, if any, that there exists an overlap between such Ancillary Services bids or self-provided Ancillary Service Schedules and the time during which such individual or aggregated Loads have been interrupted pursuant to the existing program approved by a Local Regulatory Authority to which it is subject. This provision shall in no way be interpreted to limit the authority of the ISO under the ISO Tariff in any other respect.

SCHEDULE 3

**NOTICES
(Section 10.2)**

Participating Load

Name of Authorized
Representative

For Operation Issues: Jim Blood
Title: Chief Water and Power Dispatching
Address: 3310 El Camino Avenue
City/State/Zip Code: Sacramento, CA 95821
Email Address: jblood@water.ca.gov
Phone: (916) 574-2671
Fax No: (916) 574-2782

Name of Authorized
Representative

For Contract Issues: Michael Werner
Title: Chief Power Contracts Branch
Address: 1416 Ninth St, PO Box 942836
City/State/Zip Code: Sacramento, CA 94236-0001
Email Address: mwerner@water.ca.gov
Phone: (916) 653-7337
Fax No: (916) 653-9295

ISO

Name of Primary

Representative: Byron Woertz
Title: Director, Client Relations
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: bwoertz@caiso.com
Phone: (916) 608-7066
Fax No: (916) 608-7074

Name of Alternative

Representative: Deborah A. Le Vine
Title: Director of Contracts & Compliance
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: dlevine@caiso.com
Phone: (916) 351-2144
Fax No: (916) 351-2487

APPENDIX A**1. NONDISCRIMINATION**

During the performance of this Agreement, the Parties shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40), or sex. Each Party shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination in accordance with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.), the regulations promulgated thereunder (California Code Sections 11135 – 1139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

2. AUDIT

Each Party, in addition to the audit required in Section 12 of the ISO Tariff, agrees that the Agreement is subject to the examination and audit of the California State Auditor for a period of three years after final payment is made under this Agreement.

3. DRUG FREE WORKPLACE CERTIFICATION

The Parties hereby certify, under penalty of perjury under the laws of the State of California, that the Parties will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

- A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- B. Establish a Drug-Free Awareness Program to inform employees about all of the following:
 - (a) the dangers of drug use in the workplace;
 - (b) the policy of maintaining a drug-free workplace;
 - (c) available counseling, rehabilitation, and employee assistance programs; and
 - (d) penalties that may be imposed upon employees for drug abuse violations.

C. The Parties:

- (a) will provide every employee who works in the performance of the Agreement a copy of the company's drug-free policy statement;
and
- (b) agree that their respective employees shall abide by the terms of their respective drug-free workplace policy as a condition of employment.

ATTACHMENT C

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

**CALIFORNIA DEPARTMENT OF WATER
RESOURCES**

PARTICIPATING LOAD AGREEMENT

PARTICIPATING LOAD AGREEMENT (PLA)

THIS AGREEMENT is dated this 10th day of September, 2000 and is entered into, by and between:

(1) **California Department of Water Resources**, having its registered and principal place of business located at 1416 Ninth Street, Sacramento, CA 95814-5515 (the "Participating Load");

and

(2) **California Independent System Operator Corporation**, 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 (the "ISO").

The Participating Load and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A.** The ISO Tariff provides that the ISO shall not schedule Ancillary Services from a Load interconnected to the ISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC otherwise than through a Scheduling Coordinator.
- B.** The ISO Tariff further provides that Curtailable Demand or Dispatchable Load services shall be provided by Participating Loads.
- C.** The Participating Load desires to provide Curtailable Demand or Dispatchable Load services, intends to submit Adjustment Bids, Supplemental Energy bids or Ancillary Services bids, or self-provided schedules to the ISO through a Scheduling Coordinator and, therefore, represents to the ISO that it will comply with the applicable provisions of the ISO Tariff.
- D.** The Parties are entering into this Agreement in order to establish the terms and conditions on which the ISO and the Participating Load will discharge their respective duties and responsibilities under the ISO Tariff.

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

ARTICLE I DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
 - (b) the singular shall include the plural and vice versa;
 - (c) the masculine shall include the feminine and neutral and vice versa;
 - (d) “includes” or “including” shall mean “including without limitation”;
 - (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
 - (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
 - (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
 - (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
 - (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
 - (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
 - (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II ACKNOWLEDGEMENTS OF PARTICIPATING LOAD AND ISO

- 2.1 ISO Responsibility.** The Parties acknowledge that the ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid consistent with achievement of planning and operating reserve criteria no less stringent than those established by the Western Systems Coordinating Council and the North American Electric Reliability Council and further acknowledge that the ISO may not be able to satisfy fully these responsibilities if the Participating Load fails to fully comply with all of its obligations under this Agreement and the ISO Tariff.
- 2.2 Scope of Application to Parties.** The Participating Load and ISO acknowledge that all Loads which desire to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided schedules to the ISO through a Scheduling Coordinator must be included in Schedule 1 to this Agreement. The Participating Load warrants that it owns, operates, or has sufficient contractual entitlement to provide Curtailable Demand and Dispatchable Load services from such Loads in accordance with the ISO Tariff.

ARTICLE III TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall be effective as of the later of the date it is executed by the Parties, the date of approval by the California Department of General Services, or the date accepted for filing and made effective by FERC, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.
- 3.1.1 Partial Effectiveness Contingency.** With regard to individual Loads or aggregated Loads receiving incentives for interruption under an existing program approved by a Local Regulatory Authority as identified in Schedule 1, this Agreement shall not be effective pursuant to Section 3.1 with regard to those individual or aggregated Loads' participation in the ISO's Ancillary Services markets unless the Local Regulatory Authority has authorized participation in the ISO's Ancillary Services markets by Loads receiving incentives for interruption under such an existing program.
- 3.2 Termination.** ~~This Agreement shall terminate on September 10, 2008 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this Agreement shall be contingent upon acceptance by FERC of a notice of termination. The ISO shall timely file any notice of termination with FERC.~~ This Agreement shall terminate on September 10, 2011 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this Agreement shall be contingent upon acceptance by FERC of a notice of termination. The ISO shall timely file any notice of termination with FERC.

- 3.2.1 Termination by ISO.** Subject to Section 5.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the Participating Load commits any material default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given, to the Participating Load, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. 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 thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.
- 3.2.2 Termination by Participating Load.** In the event that the Participating Load no longer wishes to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Service bids or self-provided schedules over the ISO Controlled Grid, it may terminate this Agreement, on giving the ISO ninety (90) days written notice, provided, however, that in accordance with Section 4.4, the Participating Load may modify Schedule 1 to eliminate Load which it no longer provides for and such modification shall be effective upon receipt by the ISO. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. 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 thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

ARTICLE IV GENERAL TERMS AND CONDITIONS

4.1 Technical Characteristics.

- 4.1.1 Curtailable Demand.** As required by Section 2.5.6.1 of the ISO Tariff, the Participating Load shall provide the ISO with all technical and operational information requested in Schedule 1 for each Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated by the Participating Load as providing Curtailable Demand, Schedule 1 requires the Participating Load to indicate in Schedule 1 whether the Load can be scheduled or bid as Non-Spinning Reserve or Replacement Reserve. Pursuant to Section 2.5.25 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 1 for Curtailable Demands.

- 4.1.2 Dispatchable Load.** The Participating Load shall provide the ISO that information required in Schedule 1 which is relevant to the Dispatchable Load that it owns, operates, or has a contractual entitlement to for the provision of Adjustment Bids.
- 4.2 Metering and Communication.**
- 4.2.1 Curtailable Demand.** Pursuant to Sections 2.5.6.2 and 2.5.6.3 of the ISO Tariff, Curtailable Demand that is scheduled or bid as Non-Spinning Reserve or Replacement Reserve is required to comply with the ISO's communication and metering requirements.
- 4.2.2 Dispatchable Load.** The Participating Load shall schedule Dispatchable Load pursuant to Section 2.2.11.1 of the ISO Tariff. Dispatchable Load shall comply with the ISO's communication and metering requirements.
- 4.3 UDC Interruptible Load Programs.** Due to the ISO's reliance on interruptible Loads to relieve System Emergencies and its contractual relationship with each UDC, the ISO will not accept, and the Participating Load shall not submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided Ancillary Service Schedules from interruptible Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the ISO Tariff.
- 4.4 Notification of Changes.** Sixty (60) days prior to changing any technical information in Schedule 1, the Participating Load shall notify the ISO of the proposed change(s). Pursuant to Section 2.5.25 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in the revised Schedule 1. The ISO shall post on the ISO Home Page a schedule showing, for at least one year in advance: (i) the proposed dates on which the ISO's Master File will be updated; (ii) the dates on which the information contained in the revised Master File will become effective; and (iii) the deadlines by which changed technical information must be submitted to the ISO in order to be tested and included in the next scheduled update of the ISO's Master File. Unless the Load fails to test at the values in the proposed change(s), the Participating Load's proposed change(s) will become effective upon the effective date for the next scheduled update of the Master File, provided that the Participating Load submits the changed information by the applicable deadline and is tested by the deadline. Subject to such notification this Agreement shall not apply to any Loads identified in Schedule 1 which the Participating Load no longer owns or no longer has a contractual entitlement to.
- 4.5 Agreement Subject to ISO Tariff.** The Parties will comply with all applicable provisions of the ISO Tariff, including Sections 2.3.2, 2.5 and 10, except that for the period June 15, 2000 through October 15, 2000 the Participating Load that has responded to a Dispatch instruction will be exempt from the requirements of ISO Tariff Section 2.5.26.2.3 in the hour of the Dispatch and for the following two (2) hours. This Agreement shall be subject to the ISO Tariff, which shall be deemed to be incorporated herein.

4.6 Obligations Relating to Ancillary Services

- 4.6.1 Submission of Bids and Self-provided Schedules.** When the Scheduling Coordinator on behalf of the Participating Load submits a bid or self-provided schedule for Ancillary Services, the Participating Load will, by the operation of this Section 4.6.1, warrant to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it will comply with ISO Dispatch instructions for the provision of the service in accordance with the ISO Tariff.
- 4.6.2 Certification.** The Participating Load shall not use a Scheduling Coordinator to submit a bid for the provision of an Ancillary Service or submit a schedule for the self provision of an Ancillary Service unless the Scheduling Coordinator serving that Participating Load is in possession of a current Ancillary Service certificate pursuant to Sections 2.5.6 and 2.5.24 of the ISO Tariff.
- 4.7 Obligations relating to Major Incidents.** The Participating Load shall promptly provide such information as the ISO may reasonably require in relation to the ISO's investigations of operating situations or events, or for the ISO's reporting to the authorities such as the FERC, California Public Utilities Commission, Western Systems Coordinating Council, or North American Electric Reliability Council.

ARTICLE V PENALTIES AND SANCTIONS

- 5.1 Penalties.** If the Participating Load fails to comply with any provisions of this Agreement, the ISO shall be entitled to impose penalties and sanctions on the Participating Load, including the penalties set forth in Section 2.5.26 of the ISO Tariff. No penalties or sanctions may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the Participating Load to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the Participating Load.
- 5.2 Corrective Measures.** If the Participating Load fails to meet or maintain the requirements set forth in this Agreement and/or the ISO Tariff, the ISO shall be permitted to take any of the measures, contained or referenced in the ISO Tariff, which the ISO deems to be necessary to correct the situation.

ARTICLE VI COSTS

- 6.1 Operating and Maintenance Costs.** The Participating Load shall be responsible for all its costs incurred in meeting its obligations under this Agreement for the Load identified in Schedule 1.

ARTICLE VII DISPUTE RESOLUTION

- 7.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 8.2 Necessary Approvals.** The Participating Load represents that all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own and/or operate its Load have been or will be obtained by the Participating Load prior to the effective date of this Agreement.

ARTICLE IX LIABILITY

- 9.1 Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

**ARTICLE X
UNCONTROLLABLE FORCES**

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 15 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 15 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

**ARTICLE XI
MISCELLANEOUS**

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 17 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 20.1 of the ISO Tariff. A Party must update the information in Schedule 3 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waivers 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 other 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.
- 11.4 Governing Law and Forum.** 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, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 20.8 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.

- 11.6 Merger.** This Agreement, including Appendix A, which is hereby incorporated by reference and made a part of this Agreement, constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 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.
- 11.8 Section Headings.** Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the ISO to unilaterally make application to the Federal Energy Regulatory Commission for a change in the rates, terms and conditions under section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.
- 11.10 Counterparts.** This 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 Agreement.

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

California Independent System Operator Corporation

By: _____
Name: _____
Title: _____
Date: _____

California Department of Water Resources

By: _____
Name: _____
Title: _____
Date: _____

SCHEDULE 1

Name of ALMDS Facility or Individual Load	ISO Resource ID	Present Scheduling Point (i.e. Take Out Point, Load Group, or Demand Zone)	Capacity Available ¹ (MW)	Minimum Operating Level ¹ (MW)	Maximum Operating Level ^{1,2} (MW)	Decremental Ramp Rate ^{1,2} (MW/min)	Ancillary Service Provider (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations ³ (Yes or No)
Delta (Banks) Pumping Plant	CWR4_LG [DELT SW_2_PUMP]	PGE3	257	-275	0	25	Yes	No	Yes
Dos Amigos Pumping Plant	CWR4_LG [DOSMGO_2_PUMP]	PGE3	159	-174	0	16	Yes	No	Yes
Buena Vista Pumping Plant	CWR5_LG [BUENVS_2_PUMPA] [BUENVS_2_PUMPB] [WHELPP_2_PUMP1]	PGE4 PGE4 PGE4	42 52 54	-59 -52 -61	0 0 0	10 29 9	Yes Yes Yes	No No No	Yes Yes Yes
Wheeler Ridge (Teerink) Pumping Plant	[WHELPP_2_PUMP2] CWR5_LG [WINDGPP_2_PUMP1]	PGE4 PGE4	60 110	-69 -124	0 0	7 10	Yes Yes	No No	Yes Yes
Wind Gap (Chrisman) Pumping Plant	[WINDGPP_2_PUMP2]	PGE4	128	-145	0	11	Yes	No	Yes
Edmonston	CWR6_LG	SCE1	854	-787	0	31	Yes	No	Yes

¹ Current effective values for purposes of scheduling Energy and bidding to provide Energy and/or Ancillary Services in ISO markets may differ from those set forth in this Schedule 1, depending on the results of ISO performance testing pursuant to Sections 2.5.24 and 2.5.25 of the ISO Tariff and Section 9 of the ISO Ancillary Services Requirements Protocol.

² These values are subject to certification by the ISO in accordance with Section 4.6.2 of the Participating Load Agreement.

³ If "Yes," the Participating Load's participation in the Non-Spinning Reserve market is contingent on a minimum duration time of thirty (30) minutes, followed by a minimum return to schedule time of 100 MW per five (5) minutes.

PARTICIPATING LOAD AGREEMENT

Name of ALMDS Facility or Individual Load	ISO Resource ID	Present Scheduling Point (i.e. Take Out Point, Load Group, or Demand Zone)	Capacity Available ¹ (MW)	Minimum Operating Level ¹ (MW)	Maximum Operating Level ^{1,2} (MW)	Decremental Ramp Rate ^{1,2} (MW/min)	Ancillary Service Provider (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations ³ (Yes or No)
Pumping Plant	[EDMONS_7_PUMP]								
Oso Pumping Plant	CWR6_LG [OSO_6_PUMP]	SCE1	72	-74	0	11	Yes	No	Yes
Pearblossom Pumping Plant	CWR6_LG [PEARBL_2_PUMP]	SCE1	137	-145	0	15	Yes	No	Yes
Hyatt/Thermolito P/G	HYTTHM_2_V200LD	HYTTHM_2_V200LD	933	-475	950	100	Yes	No	Yes
San Luis P/G	SLUISP_2_V200LD	SLUISP_2_V200LD	421	-410	421	100	Yes	No	Yes

SCHEDULE 2**ISO IMPOSED PENALTIES AND SANCTIONS****[Section 5.1]**

Incentive Mitigation. For individual Loads or aggregated Loads receiving incentives for interruption under existing programs approved by a Local Regulatory Authority as identified in Schedule 1, the Participating Load shall not receive a capacity payment or credit for Ancillary Services bids or self-provided Ancillary Service Schedules for the time, if any, that there exists an overlap between such Ancillary Services bids or self-provided Ancillary Service Schedules and the time during which such individual or aggregated Loads have been interrupted pursuant to the existing program approved by a Local Regulatory Authority to which it is subject. This provision shall in no way be interpreted to limit the authority of the ISO under the ISO Tariff in any other respect.

SCHEDULE 3

**NOTICES
(Section 10.2)**

Participating Load

Name of Authorized
Representative

For Operation Issues: Jim Blood
Title: Chief Water and Power Dispatching
Address: 3310 El Camino Avenue
City/State/Zip Code: Sacramento, CA 95821
Email Address: jblood@water.ca.gov
Phone: (916) 574-2671
Fax No: (916) 574-2782

Name of Authorized
Representative

For Contract Issues: Michael Werner
Title: Chief Power Contracts Branch
Address: 1416 Ninth St, PO Box 942836
City/State/Zip Code: Sacramento, CA 94236-0001
Email Address: mwerner@water.ca.gov
Phone: (916) 653-7337
Fax No: (916) 653-9295

ISO

Name of Primary

Representative: Byron Woertz
Title: Director, Client Relations
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: bwoertz@caiso.com
Phone: (916) 608-7066
Fax No: (916) 608-7074

Name of Alternative

Representative: Deborah A. Le Vine
Title: Director of Contracts & Compliance
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: dlevine@caiso.com
Phone: (916) 351-2144
Fax No: (916) 351-2487

APPENDIX A**1. NONDISCRIMINATION**

During the performance of this Agreement, the Parties shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40), or sex. Each Party shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination in accordance with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.), the regulations promulgated thereunder (California Code Sections 11135 – 1139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

2. AUDIT

Each Party, in addition to the audit required in Section 12 of the ISO Tariff, agrees that the Agreement is subject to the examination and audit of the California State Auditor for a period of three years after final payment is made under this Agreement.

3. DRUG FREE WORKPLACE CERTIFICATION

The Parties hereby certify, under penalty of perjury under the laws of the State of California, that the Parties will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

- A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- B. Establish a Drug-Free Awareness Program to inform employees about all of the following:
 - (a) the dangers of drug use in the workplace;
 - (b) the policy of maintaining a drug-free workplace;
 - (c) available counseling, rehabilitation, and employee assistance programs; and
 - (d) penalties that may be imposed upon employees for drug abuse violations.

C. The Parties:

- (a) will provide every employee who works in the performance of the Agreement a copy of the company's drug-free policy statement;
and
- (b) agree that their respective employees shall abide by the terms of their respective drug-free workplace policy as a condition of employment.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing documents upon all of the entities listed in those documents as receiving service, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 1st day of July, 2008.


Bradley R. Miliauskas
Bradley R. Miliauskas