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June 29, 2006

By messenger

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

REDACTED VERSION FOR PUBLIC RELEASE

PRIVILEGED INFORMATION CONTAINED IN ATTACHMENT

**Re: *California Independent System Operator Corporation*
Docket No. ER05-292**

Dear Secretary Salas:

In accordance with the provisions of Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2005), the California Independent System Operator Corporation ("ISO") submits the enclosed Offer of Settlement in connection with the above-referenced proceeding.

This Offer of Settlement, when approved by the Commission, will resolve all issues in this proceeding. The ISO worked towards this filing in settlement discussions with the other parties to this proceeding, both informally and as part of formal settlement proceedings before Administrative Law Judge Karen V. Johnson, who acted as a Settlement Judge in this matter. Accordingly, as provided by Rule 602, the Office of Secretary should transmit this filing to Judge Johnson.

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I. Information Submitted with this Filing

This submission includes an original and 14 copies of:

- this letter of transmittal;
- an Explanatory Statement (Attachment A);
- the Offer of Settlement (Attachment B)
- a revised Meter Service Agreement between the City of Corona and the ISO (clean) (Attachment C)
- a revised Meter Service Agreement between the City of Corona and the ISO (redline) (Attachment D)
- a revised Utility Distribution Company Operating Agreement between the City of Corona and the ISO (clean) (Attachment E);
- a revised Utility Distribution Company Operating Agreement between the City of Corona and the ISO (redline) (Attachment F); and
- a draft form of letter order (Attachment G).

In accordance with Rule 602(c)(iii), the undersigned states that this filing contains copies of, or references to, all documents relevant to this Offer of Settlement.

II. Request for Privileged Treatment

Included under separate cover with this filing, pursuant to Commission Order Nos. 630 and 630-A, is a sealed copy of the non-public sections of the Meter Service Agreement and the Utility Distribution Company Operating Agreement (specifically, Meter Service Agreement page 11 and Utility Distribution Company Operating Agreement Schedules 2, 5, 6, and 9). The ISO is seeking confidential treatment for these materials under 18 C. F. R. § 388.112 because their public disclosure could impair system operations, unnecessarily reveal sensitive information, and pose significant security problems as to the facilities referenced therein. For these reasons, the ISO submits that these materials should be exempt from public exposure and should be granted privileged treatment.

III. Service

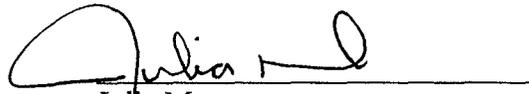
A copy of this submission is being served on all participants in the referenced proceeding and on all other persons required to be served by operation of Rule 602(d).

IV. Notice Regarding Filing Comments on Settlement Agreement

In accordance with Rule 602(d)(2), the ISO hereby notifies all participants in this proceeding, as well as all other persons required to be served with this filing by Rule 602(d)(1), that comments on the Offer of Settlement are to be filed on or before July 19, 2006, and reply comments are to be filed on or before July 31, 2006, unless other dates are chosen by the Commission.

Two extra copies of this submission are provided to be date-stamped and returned to our messenger. Please contact me at 202-756-3407 if you have any questions.

Respectfully submitted,



Julia Moore

Counsel for the California Independent System
Operator Corporation

cc: The Honorable Karen V. Johnson
All parties and other persons required to be
served under Rule 602(d)

Enclosures

ATTACHMENT A

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System)
Operator Corporation) Docket No. ER05-292-000

EXPLANATORY STATEMENT

Pursuant to 18 C.F.R. § 385.602(c)(1)(ii), the California Independent System Operator Corporation (“ISO”) hereby submits this Explanatory Statement in support of the Offer of Settlement submitted herewith.¹ The Offer of Settlement is intended to resolve all issues raised in the above-captioned proceeding.

I. BACKGROUND

This proceeding originated in the filing by the ISO² of three unexecuted agreements between itself and the City of Corona (“Corona”): a Meter Service Agreement for ISO Metered Entities (“MSA”), a Participating Generator Agreement (“PGA”), and a Utility Distribution Company Operating Agreement (“UDCOA”) (together, “Corona Agreements”) on December 2, 2004. The ISO’s purpose in making that filing was to allow Corona’s new Clearwater Power Plant to begin participating in

¹ This Explanatory Statement is not intended to alter any of the terms of the Offer of Settlement. In the event of any conflict between this Explanatory Statement and the terms of the Offer of Settlement, the Offer of Settlement shall govern.

² Capitalized terms not otherwise defined herein have the meaning set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

the ISO's markets at the time it was energized and to allow the ISO to recognize Corona's commencement of operations as an independent electric utility.

Motions to Intervene and Protests of the ISO's December 2 unilateral filing were filed by Corona, the Modesto Irrigation District ("MID"), and Southern California Edison Company ("SCE").

The Commission issued an order on the Corona Agreements on January 28, 2005. In its order, the Commission accepted the Corona Agreements for filing effective December 15, 2004 with regard to the MSA and PGA and January 1, 2005 with regard to the UDCOA, subject to refund, and established hearing and settlement judge proceedings.³ The hearing was held in abeyance pending the outcome of the settlement judge proceedings.

Under the aegis of Settlement Judge Karen V. Johnson, settlement discussions were held among the Parties to this proceeding⁴ and Commission Staff over a period of more than a year. This Offer of Settlement reflects those discussions.

II. SUMMARY OF SETTLEMENT TERMS

A. Agreements to Remain in Effect with Certain Amendments

Under the terms of the Offer of Settlement, the Corona Agreements will remain in effect as filed by the ISO, apart from the following amendments as proposed by the ISO:

³ *California Independent System Operator Corporation*, 110 FERC ¶ 61,078 (2005) ("January 28 Order").

⁴ The Parties to this proceeding are: the California Independent System Operator Corporation, the City of Corona, Modesto Irrigation District, and Southern California Edison Company.

MSA

- The addition of a meter at the new Corona Sunkist interconnection in Schedule 1.

UDCOA

- Replacing references to the Metered Subsystem Agreement with references to the Utility Distribution Company Operating Agreement, replacing references to the MSS with references to the UDCOA, and making corresponding consistent changes;
- Changes to the Operational Notes in the Emergency Plan;
- Insertion of the effective date of January 1, 2005;
- Revision of the description of the criteria used by the General Manager in directing curtailments in a Stage 3 System Emergency in Schedule 3 of the Electric Emergency Plan; and
- Grammatical and typographical corrections.

B. The Offer of Settlement is Non-Precedential

The Offer of Settlement is non-precedential with regard to any other cases, in any regulatory, judicial, or other forum, except as needed to enforce its terms or the terms of the Corona Agreements.

C. Certain Reservations Apply to the Offer of Settlement

The reservations applicable to the Offer of Settlement include:

- The Offer of Settlement should not be deemed an admission by any Party;
- The Parties to this proceeding retain their rights under the Federal Power Act;
- Nothing in the Offer of Settlement is to be deemed a “settled practice”;

- Discussions preceding the Offer of Settlement are subject to Rule 602(e) of the Commission's Rules of Practice and Procedure, and all communications between the Parties to this proceeding during settlement discussions are privileged; and
- Titles of articles and sections of the Offer of Settlement are not to be used for interpreting the Offer of Settlement.

D. The Offer of Settlement is Binding on Successors and Assigns

The benefits and burdens of the Offer of Settlement are binding on successors in interest or assignees of the Parties to this proceeding.

E. The Offer of Settlement is a Unified Whole

If the Commission rejects any element of the Offer of Settlement, including any amendment to the Corona Agreements, the Offer of Settlement will be null and void unless otherwise agreed to by the Parties to this proceeding.

III. ADDITIONAL INFORMATION

A. Issues Underlying the Offer of Settlement and Implications of the Offer of Settlement

The factual and procedural background of this proceeding, the issues underlying this proceeding, and the major implications of this proceeding have been summarized in Sections I and II above. This is a negotiated settlement, and its terms set no precedent regarding future rates. The Offer of Settlement resolves all issues in the proceeding.

B. Policy Implications of the Offer of Settlement

The Offer of Settlement furthers the broad public interest favoring settlements.⁵

Beyond that, the Offer of Settlement does not raise policy implications.

C. Effect on Other Pending Cases

The ISO does not believe that the Offer of Settlement affects any other pending cases.

D. Existence of Issues of First Impression or Previous Reversals

The Offer of Settlement involves no issues of first impression.

E. Applicable Standard of Review

The ISO intends the just and reasonable standard of review to apply to this Offer of Settlement.

IV. DUE DATES FOR COMMENTS

In accordance with Rule 602, initial comments on the Offer of Settlement are due July 19, 2006, and reply comments are due July 31, 2006.

⁵ See *Southern Union Gas Co. v. FERC*, 840 F.2d 964, 971 (D.C. Cir. 1988).

V. CONCLUSION

The Offer of Settlement would fully resolve all of the issues raised in Docket No. ER05-292. Commission approval of the Offer of Settlement will save the Parties and the Commission the expense and risks associated with continued litigation. For these reasons, the ISO respectfully requests that the Commission find that the Offer of Settlement is fair and reasonable, and in the public interest, and approve it without modification.

Respectfully submitted,



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John Anders
Assistant General Counsel
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Counsel for the California Independent System Operator Corporation

Dated: June 29, 2006

ATTACHMENT B

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System) Docket No. **ER05-292-000**
Operator Corporation)

OFFER OF SETTLEMENT

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”), 18 C.F.R. § 385.602, the California Independent System Operator Corporation (“ISO”) hereby submits this Offer of Settlement as the full and final resolution of all issues in the above-captioned proceeding.

I. BACKGROUND

On December 2, 2004, the ISO¹ filed three unexecuted agreements between itself and Corona: a Meter Service Agreement for ISO Metered Entities (“MSA”), a Participating Generator Agreement (“PGA”), and a Utility Distribution Company Operating Agreement (“UDCOA”) (together, “Corona Agreements”). According to the ISO, the Corona Agreements were filed in order to allow Corona’s new Clearwater Power Plant to begin participating in the ISO’s markets at the time it was energized, which was scheduled to be mid-December 2004 (although that scheduled on-line date

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

was subsequently delayed to early March 2005), and to allow the ISO to recognize Corona's commencement of operations as an independent electric utility.

On December 23, 2004, Corona, the Modesto Irrigation District ("MID"), and Southern California Edison Company ("SCE") filed Motions to Intervene and Protests of the ISO's December 2 filing.

Corona protested the filing of the Corona Agreements, arguing that the appropriate agreement to establish the contractual relationship between the ISO and Corona would be a Metered Subsystem Agreement or "MSSA". Indeed, the ISO and Corona had negotiated and executed such an agreement, but the ISO did not file it with the Commission. The ISO contended that the terms of the ISO Tariff preclude entities not operating as electric utilities prior to the time the ISO began operations, March 31, 1998, from entering into MSSAs and becoming Metered Subsystem Operators. ISO contended that Corona did not meet this requirement.

SCE also protested the filing of the Corona Agreements. In its protest SCE argued that: (1) SCE must be provided unredacted copies of the Utility Distribution Company Operating Agreement; (2) there should not be net metering for Corona's loads against Corona's generation; (3) SCE should be listed as an authorized user in the MSA; and (4) Schedule 2 of the MSA contained incorrect exemptions.

On January 28, 2005, the Commission issued an order accepting the Corona Agreements for filing effective December 15, 2004 with regard to the MSA and PGA and January 1, 2005 with regard to the UDCOA, subject to refund, and establishing hearing

and settlement judge proceedings.² The hearing was held in abeyance pending the outcome of the settlement judge proceedings.

The Parties to this proceeding³ and Commission Staff participated in a series of settlement discussions over a period of more than a year, with the assistance of Administrative Law Judge Karen V. Johnson.

II. OFFER OF SETTLEMENT

Article I: Terms Of Settlement

This Offer of Settlement is for the sole purpose of terminating this docket. The Corona Agreements will remain in effect as filed, with the amendments to the MSA and the UDCOA as reflected in the attachments hereto. The unexecuted and amended MSA and UDCOA are included with this Offer Of Settlement and are incorporated herein. The MSA (as amended herein) and the PGA will be effective December 15, 2004, and the UDCOA (as amended herein) will be effective January 1, 2005.

Article II: Precedential Effect

2.1 This Offer of Settlement is non-precedential with respect to any future case, except as necessary to enforce the terms of this Offer of Settlement and the Corona Agreements, as amended.

² *California Independent System Operator Corporation*, 110 FERC ¶ 61,078 (2005) (“January 28 Order”).

³ The Parties to this proceeding are: the California Independent System Operator Corporation, the City of Corona, Modesto Irrigation District, and Southern California Edison Company.

Article III: Reservations

- 3.1 This Offer of Settlement shall not be deemed in any respect to constitute an admission by any Party that any allegation or contention made by any other Party in this proceeding is true or valid, except that no Party shall deny or challenge the accuracy of the terms of this Offer of Settlement. This Offer of Settlement is made for the sole purpose of terminating this docket. Except as expressly provided in this Offer of Settlement, no Party shall be deemed to have approved, accepted, agreed to, or consented to any fact, concept, theory, rate methodology, principle or method relating to jurisdiction, prudence, reasonable cost of service, cost classification, cost allocation, rate design, tariff provisions, or other matters underlying or purported to underlie any of the resolution of the issue provided herein. The Commission's approval of this Offer of Settlement shall not constitute approval of, or precedent regarding, any principle or issue in these proceedings.
- 3.2 Nothing in this Offer of Settlement affects the Parties' rights under Section 205 and 206 of the Federal Power Act. This Offer of Settlement will have no effect on the right of any party to exercise its rights under the Federal Power Act to seek any alteration of the Corona Agreements or to seek changes in the ISO Tariff.
- 3.3 Nothing in this Offer of Settlement shall be deemed to be a "settled practice" as that term was interpreted and applied in *Public Service Commission of the State of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).
- 3.4 All discussions among the Parties preceding this Offer of Settlement have been conducted on the explicit understanding that they were undertaken subject to Rule

602(e) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(e) (2005), and the rights of the Parties with respect thereto shall not be impaired by this Offer of Settlement. All communications between the Parties during the course of such discussions are privileged and may not be used in any future proceedings.

3.5 The titles and headings of the various Articles in this Offer of Settlement are for reference purposes only. They are not to be construed or taken into account in interpreting this Offer of Settlement, and do not qualify, modify, or explain the effects of this Offer of Settlement.

Article IV: Standard of Review

4.1 Future modifications of the Corona Agreements will be subject to the just and reasonable standard of review.

Article V: Successors and Assigns

5.1 The rights conferred and obligations imposed on any Party by this Offer of Settlement shall inure to the benefit of or be binding on that Party's successors in interest or assignees as if such successor or assignee were itself a Party to this proceeding.

Article VI: Offer of Settlement is a Unified Whole

6.1 Notwithstanding any other provision of this Offer of Settlement, this Offer of Settlement is to be treated as a unified whole. Should the Commission reject any term of this Offer of Settlement or any of the amendments to the Corona

Agreements attached hereto, the entire Offer of Settlement shall be null and void unless the Parties specifically agree otherwise.

III. CONCLUSION

Wherefore, the ISO respectfully requests that the Settlement Judge certify this Offer of Settlement and that the Commission issue an order approving the Offer of Settlement without material change or condition.

Respectfully submitted,



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John Anders
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Washington, DC 20004

Counsel for the California Independent System Operator Corporation

Dated: June 29, 2006

ATTACHMENT C

**METER SERVICE AGREEMENT FOR ISO METERED ENTITIES
WITH THE CITY OF CORONA**

Issued by: Charles F. Robinson
Vice President and General Counsel
Issued on: June 29, 2006

Effective: December 15, 2004

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

CITY OF CORONA

**METER SERVICE AGREEMENT
FOR ISO METERED ENTITIES**

METER SERVICE AGREEMENT FOR ISO METERED ENTITIES

THIS AGREEMENT is dated this ____ day of _____, ____ and is entered into, by and between:

- (1) The **City of Corona**, a municipal corporation of the State of California, which owns and operates a municipal electric utility system engaged in the Generation, distribution, purchase and sale of electric power and Energy at wholesale and retail, having its registered and principal place of business located at 730 Corporation Yard Way, Corona, California 92880 (the "ISO Metered Entity");

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 ISO Metered Entity and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A. Section 10.3.1 of the ISO Tariff requires the ISO to establish meter service agreements with ISO Metered Entities for the collection and transfer of Meter Data.
- B. Section 10.2.4 of the ISO Tariff further provides that an ISO Metered Entity shall certify its revenue quality meters and Section 10.2.1 provides that ISO Metered Entities shall make Meter Data available to MDAS.
- C. The Parties are entering into this Agreement in order to establish the terms and conditions upon which the ISO and the ISO Metered Entity shall discharge their respective duties and responsibilities pursuant to this Agreement, and the ISO Tariff.
- D. All obligations and responsibilities included in this Agreement may be set forth in further detail in the Metering Protocol of 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.** Unless defined in Section 1.2 of this Agreement, 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 Special Definitions for this Agreement.** In this Agreement, the following words and expressions shall have the meanings set forth below:

“Authorized Users” means users authorized by the ISO Metered Entity to access the Meter Data of that ISO Metered Entity held by the ISO.

“ISO Authorized Inspector” has the meaning as defined in the Metering Protocol of the ISO Tariff.

“ISO Metered Entity” means:

- (a) any one of the following entities that is directly connected to the ISO Controlled Grid:
 - i. a Generator other than a Generator that sells all of its Energy (excluding any Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point) and Ancillary Services to the UDC in whose Service Area it is located;
 - ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of its Energy from the UDC in whose Service Area it is located; and
- (b) any one of the following entities:
 - i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas; or
 - iii. a Participating Load.

“Metering Protocol” means the Protocol of the ISO Tariff on the subject of revenue quality metering which sets forth requirements and procedures that ISO Metered Entities, amongst others, shall meet and follow in order to comply with their obligations under Section 10 and Appendix J of the ISO Tariff.

“MDAS” means the ISO revenue metering data acquisition and processing system.

“Metering Facilities” means revenue quality meters, instrument transformers, secondary circuitry, secondary devices, meter data servers, related communication facilities and other related local equipment.

“SC” means Scheduling Coordinator.

1.3 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;
- (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; and
- (l) references to the Metering Protocol of the ISO Tariff and other ISO Documents shall be interpreted in accordance with any exceptions or exemptions to such as may have been granted by the ISO.

ARTICLE II TERM AND TERMINATION

2.1 Effective Date. This Agreement shall be effective as of the later of the date of execution of this Agreement, or the date it is accepted and made effective by FERC and shall remain in full force and effect until terminated by operation of law or pursuant to Section 2.2 of this Agreement.

2.2 Termination

2.2.1 Termination by ISO. Subject to Section 4.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the ISO Metered Entity commits any 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 it written notice of the default, unless excused by reason of Uncontrollable Force in accordance with Section 15 of the ISO Tariff. 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 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such notice of termination.

2.2.2 Termination by ISO Metered Entity. In the event that the ISO Metered Entity wishes to terminate this Agreement, the ISO Metered Entity shall give the ISO ninety (90) days written notice. 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 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such notice of termination.

ARTICLE III GENERAL TERMS AND CONDITIONS

3.1 Agreement Subject to ISO Tariff and ISO Metering Protocol. This Agreement shall be subject to the provisions of the ISO Tariff which shall be deemed to be incorporated herein, as the same may be changed or superseded from time to time. The Parties agree that they will comply with the provisions of Section 10 of the ISO Tariff and the Metering Protocol of the ISO Tariff.

3.2 Obligations and Rights of the ISO Metered Entity.

- 3.2.1 Submission of Meter Data through MDAS.** The ISO Metered Entity agrees to make available to the ISO through MDAS its Meter Data in accordance with the ISO Tariff. The ISO's requirements regarding the frequency with which it requires Meter Data to be made available to it through MDAS by the ISO Metered Entity are referred to in the Metering Protocol of the ISO Tariff.
- 3.2.2 Meter Information.** The ISO Metered Entity shall provide in the format prescribed by Schedule 1 to this Agreement the required information with respect to all of its meters used to provide Meter Data to the ISO. The ISO Metered Entity must immediately notify the ISO of any changes to the information provided to the ISO in accordance with this Section 3.2.2 and provide the ISO with any information in relation to such change as reasonably requested by the ISO. The ISO Metered Entity shall have the right to modify Schedule 1, which modification shall not constitute an amendment to this Agreement. Such modification shall be effective upon receipt of notice by the ISO.
- 3.2.3 Transformer and/or Line Loss Correction Factors.** If the ISO Metered Entity uses low voltage side metering, it shall use the ISO approved transformer and/or line loss correction factor referred to in the Metering Protocol of the ISO Tariff.
- 3.2.4 Rights to Access Metering Facilities.** The ISO Metered Entity shall use its best efforts to procure any rights necessary for the ISO to access all Metering Facilities of the ISO Metered Entity to fulfill its obligations under the ISO Tariff and its obligations under this Agreement. If, after using its best efforts, the ISO Metered Entity is unable to provide the ISO with such access rights, the ISO Metered Entity shall ensure that one of its employees is an ISO Authorized Inspector and such employee undertakes, at the ISO's request, the certification, testing, inspection and/or auditing of those Metering Facilities in accordance with the procedures established pursuant to the Metering Protocol of the ISO Tariff, including the requirement to complete and provide to the ISO all necessary documentation. The ISO acknowledges that it will not be prevented from fulfilling its obligations under the ISO Tariff or this Agreement by reason of the fact that it is provided with escorted access to the Metering Facilities of the ISO Metered Entity.
- 3.2.5 Security and Validation Procedures.** The security measures and the validation, editing and estimation procedures that the ISO will apply to Meter Data made available to the ISO by the ISO Metered Entity shall be as referred to in the Metering Protocol of the ISO Tariff.

3.3 Obligations and Rights of the ISO.

- 3.3.1 Direct Polling of MDAS.** The ISO shall allow the SC representing the ISO Metered Entity and all Authorized Users to directly poll MDAS for the Meter Data

relating to the ISO Metered Entity in accordance with the procedures referred to in the Metering Protocol of the ISO Tariff.

- 3.3.2 ISO as Third-Party Beneficiary.** The ISO shall be a third-party beneficiary to any future agreement between the ISO Metered Entity and any other party relating to the Metering Facilities of the ISO Metered Entity for the purpose of granting the ISO access to any relevant information, records and facilities as needed by the ISO to fulfill its obligations under the ISO Tariff and its obligations under this Agreement.
- 3.3.3 Remote and Local Access to Metering Data.** The ISO shall provide the ISO Metered Entity any password or other requirements necessary for the ISO Metered Entity to access its Meter Data remotely or locally at the meter.
- 3.4 Exemptions Granted by the ISO.** Any exemptions provided for under the ISO Tariff that are granted by the ISO shall be set forth in Schedule 2 of this Agreement. Any amendment or addition to Schedule 2 shall not constitute an amendment to this Agreement.

ARTICLE IV PENALTIES AND SANCTIONS

- 4.1 Penalties.** If an ISO Metered Entity provides inaccurate or incorrect Meter Data or fraudulent Meter Data to the ISO, the ISO shall be entitled to impose penalties and sanctions, including but not limited to suspension of trading rights following 14 days written notice to the ISO Metered Entity. Fraudulent Meter Data means any Meter Data provided to the ISO by the ISO Metered Entity that it knows to be false, incorrect or incomplete at the time it provided that Meter Data to the ISO. All penalties and sanctions shall be set forth in Schedule 4 Part A to this Agreement. No penalties or sanctions, including suspension of trading rights, 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 the Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the ISO Metered Entity 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 ISO Metered Entity.
- 4.2 Corrective Measures.** If the ISO Metered Entity fails to meet or maintain the standards for Metering Facilities or comply with the audit or test procedures as referred to in the ISO Tariff, the ISO shall be permitted to take corrective measures. The corrective measures and rights the ISO may exercise upon any failure by any entity to meet those standards for Metering Facilities or to comply with the audit or test procedures shall be set forth in Schedule 4 Part B.

ARTICLE V ACCESS TO METERING DATA

- 5.1 Authorized Users.** In addition to the persons referred to in the ISO Tariff, including the ISO Metered Entity and the relevant Scheduling Coordinator, as being entitled to access Meter Data on MDAS, the ISO Metered Entity may set forth in Schedule 3 of this Agreement any additional authorized users that shall be entitled to access the ISO Metered Entity's Settlement Quality Meter Data held by the ISO. The ISO Metered Entity shall include in Schedule 3 as authorized users the relevant UDCs and TOs. The ISO shall provide the authorized users with any password or other information necessary to access the ISO Metered Entity's Settlement Quality Metered Data held by the ISO on MDAS. Any amendment or addition to Schedule 3 shall not constitute an amendment to this Agreement.

ARTICLE VI COSTS

- 6.1 Certification, Inspection and Auditing of Meters.** The ISO Metered Entity shall be responsible for all reasonable costs incurred by the ISO or an ISO Authorized Inspector in connection with them carrying out the certification, inspection, testing or auditing of the meters identified in Schedule 1 from which the ISO Metered Entity provides Meter Data to the ISO. The ISO or ISO Authorized Inspector will furnish the ISO Metered Entity, upon request, an itemized bill for such costs.

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 all reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the ISO Metered Entities and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

- 8.1 Representations 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 ISO Metered Entity represents that all necessary approvals, permits, licenses, easements, right of way or access to install, own and operate its meters have been or will be obtained by the ISO Metered Entity prior to the effective date of this Agreement.

ARTICLE IX LIABILITY AND INDEMNIFICATION

- 9.1 Liability and Indemnification.** 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 ISO Metered Entity and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLES 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 references to the ISO Metered Entity and all 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 5 as information changes. Such changes shall not constitute an amendment to this Agreement.

- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not 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 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 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 are subject to FERC approval 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 with FERC for information.

11.9 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 hereinabove written.

California Independent System Operator Corporation

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

City of Corona, California

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

**SCHEDULE 1
METER INFORMATION
[Section 3.3.2]**

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

Gross Load

Load is: Corona Crossings Meter + Corona Point Meter + Dos Lagos Meter + Corona Sunkist Meter + Biosolids Dryer Load Meter + Waste Water Treatment Plant Load Meter

Load = (5910428) + (5910429) + (5910430) + (5910555) + (DPM-7 5910426) + (DPM-2 5910427)

Assumption:

1. City Gate Meters are connected to 12 kV side of distribution transformers and should be compensated to the high side of the transformer (33 kV).

Calculation of ISO Metered Entity Settlement Quality Meter Data

The calculation of the ISO Metered Entity's Settlement Quality Meter Data ("SQMD") shall be made in accordance with a calculation procedure that is mutually agreed by the Parties, which calculation procedure will generally be as follows initially:

Corona SQMD (Gross Load) = Meter Data at the City Gate Meters
 + Meter Data from Loads Served by Generating Units
 in the ISO Metered Entity's system [see formula for
 Gross Load calculation in this Schedule 1]

SCHEDULE 2

**EXEMPTIONS FROM METERING STANDARDS AND OTHER REQUIREMENTS
[Section 3.4]**

None.

SCHEDULE 3
ACCESS TO METER DATA
AND
AUTHORIZED USERS
[Section 5.1]

None other than the authorized Scheduling Coordinator, Shell Trading.

**SCHEDULE 4
PART A
ISO IMPOSED PENALTIES AND SANCTIONS
[Section 4.1]**

[TO BE INSERTED UPON FERC APPROVAL]

**PART B
CORRECTIVE MEASURES
[SECTION 4.2]**

[TO BE DEVELOPED]

SCHEDULE 5

**NOTICE
[Section 11.2]**

ISO METERED ENTITIY

Name of Primary

Representative: George Hanson
Title: Assistant General Manager
Address: 730 Corporation Yard Way
City/State/Zip Code: Corona, CA 92880
Email Address: george.hanson@ci.corona.ca.us
Phone: 951-739-4967
Fax No: 951-735-3786

Name of Alternative

Representative: George Hanson or Designate
Title: Assistant General Manager
Address: 730 Corporation Yard Way
City/State/Zip Code: Corona, CA 92880
Email Address: george.hanson@ci.corona.ca.us
Phone: 951-739-4967 cell: 951-830-4356
Fax No: 951-735-3786

ISO**Name of Primary**

Representative: Thomas Doughty
Title: Director of Client Relations
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: tdoughty@caiso.com
Phone: (916) 608-7373
Fax No: (916) 608-7074

Name of Alternative

Representative: Deborah A. Le Vine
Title: Director of Contracts
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

ATTACHMENT D

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

CITY OF CORONA

**METER SERVICE AGREEMENT
FOR ISO METERED ENTITIES**

METER SERVICE AGREEMENT FOR ISO METERED ENTITIES

THIS AGREEMENT is dated this ___ day of _____, _____ and is entered into, by and between:

- (1) The **City of Corona**, a municipal corporation of the State of California, which owns and operates a municipal electric utility system engaged in the Generation, distribution, purchase and sale of electric power and Energy at wholesale and retail, having its registered and principal place of business located at 730 Corporation Yard Way, Corona, California 92880 (the "ISO Metered Entity");

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 ISO Metered Entity and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A. Section 10.3.1 of the ISO Tariff requires the ISO to establish meter service agreements with ISO Metered Entities for the collection and transfer of Meter Data.
- B. Section 10.2.4 of the ISO Tariff further provides that an ISO Metered Entity shall certify its revenue quality meters and Section 10.2.1 provides that ISO Metered Entities shall make Meter Data available to MDAS.
- C. The Parties are entering into this Agreement in order to establish the terms and conditions upon which the ISO and the ISO Metered Entity shall discharge their respective duties and responsibilities pursuant to this Agreement, and the ISO Tariff.
- D. All obligations and responsibilities included in this Agreement may be set forth in further detail in the Metering Protocol of 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.** Unless defined in Section 1.2 of this Agreement, 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 Special Definitions for this Agreement.** In this Agreement, the following words and expressions shall have the meanings set forth below:

“Authorized Users” means users authorized by the ISO Metered Entity to access the Meter Data of that ISO Metered Entity held by the ISO.

“ISO Authorized Inspector” has the meaning as defined in the Metering Protocol of the ISO Tariff.

“ISO Metered Entity” means:

- (a) any one of the following entities that is directly connected to the ISO Controlled Grid:
 - i. a Generator other than a Generator that sells all of its Energy (excluding any Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point) and Ancillary Services to the UDC in whose Service Area it is located;
 - ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of its Energy from the UDC in whose Service Area it is located; and
- (b) any one of the following entities:
 - i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas; or
 - iii. a Participating Load.

“Metering Protocol” means the Protocol of the ISO Tariff on the subject of revenue quality metering which sets forth requirements and procedures that ISO Metered Entities, amongst others, shall meet and follow in order to comply with their obligations under Section 10 and Appendix J of the ISO Tariff.

“MDAS” means the ISO revenue metering data acquisition and processing system.

“Metering Facilities” means revenue quality meters, instrument transformers, secondary circuitry, secondary devices, meter data servers, related communication facilities and other related local equipment.

“SC” means Scheduling Coordinator.

1.3 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;
- (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; and
- (l) references to the Metering Protocol of the ISO Tariff and other ISO Documents shall be interpreted in accordance with any exceptions or exemptions to such as may have been granted by the ISO.

ARTICLE II TERM AND TERMINATION

- 2.1 Effective Date.** This Agreement shall be effective as of the later of the date of execution of this Agreement, or the date it is accepted and made effective by FERC and shall remain in full force and effect until terminated by operation of law or pursuant to Section 2.2 of this Agreement.
- 2.2 Termination**
- 2.2.1 Termination by ISO.** Subject to Section 4.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the ISO Metered Entity commits any 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 it written notice of the default, unless excused by reason of Uncontrollable Force in accordance with Section 15 of the ISO Tariff. 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 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such notice of termination.
- 2.2.2 Termination by ISO Metered Entity.** In the event that the ISO Metered Entity wishes to terminate this Agreement, the ISO Metered Entity shall give the ISO ninety (90) days written notice. 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 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such notice of termination.

ARTICLE III GENERAL TERMS AND CONDITIONS

- 3.1 Agreement Subject to ISO Tariff and ISO Metering Protocol.** This Agreement shall be subject to the provisions of the ISO Tariff which shall be deemed to be incorporated herein, as the same may be changed or superseded from time to time. The Parties agree that they will comply with the provisions of Section 10 of the ISO Tariff and the Metering Protocol of the ISO Tariff.

3.2 Obligations and Rights of the ISO Metered Entity.

- 3.2.1 Submission of Meter Data through MDAS.** The ISO Metered Entity agrees to make available to the ISO through MDAS its Meter Data in accordance with the ISO Tariff. The ISO's requirements regarding the frequency with which it requires Meter Data to be made available to it through MDAS by the ISO Metered Entity are referred to in the Metering Protocol of the ISO Tariff.
- 3.2.2 Meter Information.** The ISO Metered Entity shall provide in the format prescribed by Schedule 1 to this Agreement the required information with respect to all of its meters used to provide Meter Data to the ISO. The ISO Metered Entity must immediately notify the ISO of any changes to the information provided to the ISO in accordance with this Section 3.2.2 and provide the ISO with any information in relation to such change as reasonably requested by the ISO. The ISO Metered Entity shall have the right to modify Schedule 1, which modification shall not constitute an amendment to this Agreement. Such modification shall be effective upon receipt of notice by the ISO.
- 3.2.3 Transformer and/or Line Loss Correction Factors.** If the ISO Metered Entity uses low voltage side metering, it shall use the ISO approved transformer and/or line loss correction factor referred to in the Metering Protocol of the ISO Tariff.
- 3.2.4 Rights to Access Metering Facilities.** The ISO Metered Entity shall use its best efforts to procure any rights necessary for the ISO to access all Metering Facilities of the ISO Metered Entity to fulfill its obligations under the ISO Tariff and its obligations under this Agreement. If, after using its best efforts, the ISO Metered Entity is unable to provide the ISO with such access rights, the ISO Metered Entity shall ensure that one of its employees is an ISO Authorized Inspector and such employee undertakes, at the ISO's request, the certification, testing, inspection and/or auditing of those Metering Facilities in accordance with the procedures established pursuant to the Metering Protocol of the ISO Tariff, including the requirement to complete and provide to the ISO all necessary documentation. The ISO acknowledges that it will not be prevented from fulfilling its obligations under the ISO Tariff or this Agreement by reason of the fact that it is provided with escorted access to the Metering Facilities of the ISO Metered Entity.
- 3.2.5 Security and Validation Procedures.** The security measures and the validation, editing and estimation procedures that the ISO will apply to Meter Data made available to the ISO by the ISO Metered Entity shall be as referred to in the Metering Protocol of the ISO Tariff.

3.3 Obligations and Rights of the ISO.

- 3.3.1 Direct Polling of MDAS.** The ISO shall allow the SC representing the ISO Metered Entity and all Authorized Users to directly poll MDAS for the Meter Data

relating to the ISO Metered Entity in accordance with the procedures referred to in the Metering Protocol of the ISO Tariff.

- 3.3.2 ISO as Third-Party Beneficiary.** The ISO shall be a third-party beneficiary to any future agreement between the ISO Metered Entity and any other party relating to the Metering Facilities of the ISO Metered Entity for the purpose of granting the ISO access to any relevant information, records and facilities as needed by the ISO to fulfill its obligations under the ISO Tariff and its obligations under this Agreement.
- 3.3.3 Remote and Local Access to Metering Data.** The ISO shall provide the ISO Metered Entity any password or other requirements necessary for the ISO Metered Entity to access its Meter Data remotely or locally at the meter.
- 3.4 Exemptions Granted by the ISO.** Any exemptions provided for under the ISO Tariff that are granted by the ISO shall be set forth in Schedule 2 of this Agreement. Any amendment or addition to Schedule 2 shall not constitute an amendment to this Agreement.

ARTICLE IV PENALTIES AND SANCTIONS

- 4.1 Penalties.** If an ISO Metered Entity provides inaccurate or incorrect Meter Data or fraudulent Meter Data to the ISO, the ISO shall be entitled to impose penalties and sanctions, including but not limited to suspension of trading rights following 14 days written notice to the ISO Metered Entity. Fraudulent Meter Data means any Meter Data provided to the ISO by the ISO Metered Entity that it knows to be false, incorrect or incomplete at the time it provided that Meter Data to the ISO. All penalties and sanctions shall be set forth in Schedule 4 Part A to this Agreement. No penalties or sanctions, including suspension of trading rights, 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 the Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the ISO Metered Entity 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 ISO Metered Entity.
- 4.2 Corrective Measures.** If the ISO Metered Entity fails to meet or maintain the standards for Metering Facilities or comply with the audit or test procedures as referred to in the ISO Tariff, the ISO shall be permitted to take corrective measures. The corrective measures and rights the ISO may exercise upon any failure by any entity to meet those standards for Metering Facilities or to comply with the audit or test procedures shall be set forth in Schedule 4 Part B.

ARTICLE V ACCESS TO METERING DATA

- 5.1 Authorized Users.** In addition to the persons referred to in the ISO Tariff, including the ISO Metered Entity and the relevant Scheduling Coordinator, as being entitled to access Meter Data on MDAS, the ISO Metered Entity may set forth in Schedule 3 of this Agreement any additional authorized users that shall be entitled to access the ISO Metered Entity's Settlement Quality Meter Data held by the ISO. The ISO Metered Entity shall include in Schedule 3 as authorized users the relevant UDCs and TOs. The ISO shall provide the authorized users with any password or other information necessary to access the ISO Metered Entity's Settlement Quality Metered Data held by the ISO on MDAS. Any amendment or addition to Schedule 3 shall not constitute an amendment to this Agreement.

ARTICLE VI COSTS

- 6.1 Certification, Inspection and Auditing of Meters.** The ISO Metered Entity shall be responsible for all reasonable costs incurred by the ISO or an ISO Authorized Inspector in connection with them carrying out the certification, inspection, testing or auditing of the meters identified in Schedule 1 from which the ISO Metered Entity provides Meter Data to the ISO. The ISO or ISO Authorized Inspector will furnish the ISO Metered Entity, upon request, an itemized bill for such costs.

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 all reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the ISO Metered Entities and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

- 8.1 Representations 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 ISO Metered Entity represents that all necessary approvals, permits, licenses, easements, right of way or access to install, own and operate its meters have been or will be obtained by the ISO Metered Entity prior to the effective date of this Agreement.

ARTICLE IX LIABILITY AND INDEMNIFICATION

- 9.1 Liability and Indemnification.** 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 ISO Metered Entity and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLES 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 references to the ISO Metered Entity and all 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 5 as information changes. Such changes shall not constitute an amendment to this Agreement.

- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not 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 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 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 are subject to FERC approval 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 with FERC for information.

11.9 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 hereinabove written.

California Independent System Operator Corporation

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

City of Corona, California

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

**SCHEDULE 1
METER INFORMATION
[Section 3.3.2]**

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

Gross Load

Load is: Corona Crossings Meter + Corona Point Meter + Dos Lagos Meter + Corona Sunkist Meter + Biosolids Dryer Load Meter + Waste Water Treatment Plant Load Meter

Load = (5910428) + (5910429) + (5910430) + (5910555) + (DPM-7 5910426) + (DPM-2 5910427)

Assumption:

1. City Gate Meters are connected to 12 kV side of distribution transformers and should be compensated to the high side of the transformer (33 kV).

Calculation of ISO Metered Entity Settlement Quality Meter Data

The calculation of the ISO Metered Entity's Settlement Quality Meter Data ("SQMD") shall be made in accordance with a calculation procedure that is mutually agreed by the Parties, which calculation procedure will generally be as follows initially:

Corona SQMD (Gross Load) = Meter Data at the City Gate Meters
 + Meter Data from Loads Served by Generating Units
 in the ISO Metered Entity's system [see formula for
 Gross Load calculation in this Schedule 1]

SCHEDULE 2

**EXEMPTIONS FROM METERING STANDARDS AND OTHER REQUIREMENTS
[Section 3.4]**

None.

SCHEDULE 3
ACCESS TO METER DATA
AND
AUTHORIZED USERS
[Section 5.1]

None other than the authorized Scheduling Coordinator, Shell Trading.

**SCHEDULE 4
PART A
ISO IMPOSED PENALTIES AND SANCTIONS
[Section 4.1]**

[TO BE INSERTED UPON FERC APPROVAL]

**PART B
CORRECTIVE MEASURES
[SECTION 4.2]**

[TO BE DEVELOPED]

SCHEDULE 5

**NOTICE
[Section 11.2]**

ISO METERED ENTITIY

Name of Primary

Representative: George Hanson
Title: Assistant General Manager
Address: 730 Corporation Yard Way
City/State/Zip Code: Corona, CA 92880
Email Address: george.hanson@ci.corona.ca.us
Phone: 951-739-4967
Fax No: 951-735-3786

Name of Alternative

Representative: George Hanson or Designate
Title: Assistant General Manager
Address: 730 Corporation Yard Way
City/State/Zip Code: Corona, CA 92880
Email Address: george.hanson@ci.corona.ca.us
Phone: 951-739-4967 cell: 951-830-4356
Fax No: 951-735-3786

ISO**Name of Primary**

Representative: Thomas Doughty
Title: Director of Client Relations
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: tdoughty@caiso.com
Phone: (916) 608-7373
Fax No: (916) 608-7074

Name of Alternative

Representative: Deborah A. Le Vine
Title: Director of Contracts
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

ATTACHMENT E

**UTILITY DISTRIBUTION COMPANY OPERATING AGREEMENT
WITH THE CITY OF CORONA**

Issued by: Charles F. Robinson
Vice President and General Counsel
Issued on: June 29, 2006

Effective: January 1, 2005

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

CITY OF CORONA

**UTILITY DISTRIBUTION COMPANY
OPERATING AGREEMENT**

UTILITY DISTRIBUTION COMPANY OPERATING AGREEMENT

THIS OPERATING AGREEMENT is dated this ____ day of _____, ____ and is entered into, by and between:

- (1) **The City of Corona**, a municipal corporation of the State of California, which owns and operates a municipal electric utility system engaged in the Generation, distribution, purchase and sale of electric power and Energy at wholesale and retail, having its registered and principal place of business located at 730 Corporation Yard Way, Corona, California 92880 (the "UDC");
and
- (2) **California Independent System Operator Corporation**, a California non-profit public benefit corporation having its principal place of business located in 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 UDC and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A. The purpose of this Operating Agreement is to establish the rights and obligations of the UDC and the ISO with respect to the UDC's Interconnection with the ISO Controlled Grid and the UDC's cooperation and coordination with the ISO to aid the reliability and the operational control of the ISO Controlled Grid and the UDC's Distribution System.
- B. The UDC owns and operates a Distribution System within the ISO Control Area subject to the authority of a Local Regulatory Authority.
- C. The UDC wishes to transmit Energy and/or supply Ancillary Services to or from the ISO Controlled Grid under the terms and conditions set forth in the ISO Tariff. The UDC also wishes to support and be part of the coordinated response to System Emergencies and to System Reliability concerns relating to the ISO Controlled Grid.
- D. The ISO has certain statutory obligations under California law to maintain the reliability of the ISO Controlled Grid.
- E. This Operating Agreement obligates the UDC and the ISO to comply with the relevant sections of the ISO Tariff, the ISO Operating Procedures and the ISO Specifications.
- F. The UDC and the Participating TO with which it is interconnected intend to coordinate the planning and implementation of any expansions or modifications of the UDC's or Participating TO's systems that will affect their transmission interconnection, the ISO Controlled Grid or the transmission services to be required by the UDC.

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.** Unless defined in Section 1.2 of this Operating Agreement, all terms and expressions used in this Operating Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.
- 1.2 Special Definitions for this Operating Agreement.** In this Operating Agreement, the following words and expressions shall have the meanings set opposite them:

“ISO Specifications” means those standards pertaining to the areas of operation listed in Article IV of this Operating Agreement, approved by the ISO to establish detailed technical performance and reliability parameters at the ISO Controlled Grid and UDC Interconnection, associated with the ISO Tariff, as those standards may be amended from time to time.

“ISO Operating Procedure” means those procedures pertaining to the areas of operation listed in Article IV of this Operating Agreement, created by the ISO to establish detailed operating practices at the ISO Controlled Grid and UDC Interconnection, associated with general provisions required in the ISO Tariff, as those standards may be amended from time to time.

“Underfrequency Load Shedding (UFLS)” means automatic Load Shedding, accomplished by the use of such devices as underfrequency relays, intended to arrest frequency decline and assure continued operation within anticipated islands.

- 1.3 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Operating Agreement:

- (a) if there is any inconsistency between this Operating 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 Operating Agreement, as the case may be, unless the context otherwise requires;

- (f) a reference in this Operating Agreement to a given agreement, instrument or the ISO Tariff shall be a reference to that agreement, instrument or the ISO Tariff 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 the captions and headings in this Operating Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Operating Agreement.

ARTICLE II TERM AND TERMINATION

- 2.1 Effective Date.** This Operating Agreement shall be effective as of the later of the date it is executed by the Parties or the date accepted for filing and made effective by the FERC and shall remain in full force and effect until the earlier of the termination date, the termination of the TCA or such other date as the Parties shall mutually agree. With respect to any such termination, the ISO must file a timely notice of termination with FERC, and this Operating Agreement shall terminate upon acceptance by FERC of such a notice of termination.
- 2.2 Termination Date.** Either Party (the terminating Party) may terminate this Operating Agreement by giving written notice in the event that the other Party (the defaulting Party) commits any default under this Operating Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within 30 days after the terminating Party has given the defaulting Party written notice of the default, unless excused by reason of Uncontrollable Forces under Article X of this Operating 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 30 days of receipt of such request. This Operating Agreement shall terminate upon acceptance by FERC of such a notice of termination.

- 2.3 Termination Pursuant to the TCA.** If the UDC is a party to the Transmission Control Agreement ("TCA"), this Operating Agreement shall terminate upon the effective date of the UDC's withdrawal from the TCA in accordance with Section 3.3 of the TCA, provided, however, that first the ISO shall have filed a timely notice of termination with FERC and FERC shall have accepted such notice of termination. 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.

ARTICLE III GENERAL TERMS AND CONDITIONS

- 3.1.1 Facilities Under ISO Operational Control.** Parties shall identify on Schedule 1 those facilities of the UDC that the Parties mutually agree will be placed under the ISO's operational control pursuant to section 4.9 of the ISO Tariff. In the event that a Party invokes the dispute resolution provision identified in Section 7.1 of this Operating Agreement, such dispute shall be resolved based upon whether the ISO's control over such disputed facilities is essential to meeting the Applicable Reliability Criteria, as defined in the ISO Tariff. With respect to each facility identified in Schedule 1, the Parties shall negotiate the extent of the ISO's operational control in order to meet said standard.
- 3.1.2 Facilities Financed by Local Furnishing Bonds or Other Tax-Exempt Bonds.** This Section 3.1.2 applies only to facilities which are under the operational control of the ISO and are owned by a UDC with Local Furnishing Bonds or other tax-exempt bonds. Nothing in this Operating Agreement shall compel (and the ISO is not authorized to request) any UDC with Local Furnishing Bonds, or other tax-exempt bonds, to violate restrictions applicable to facilities which are part of a system that was financed in whole or part with Local Furnishing Bonds or other tax-exempt bonds. The UDC shall cooperate with and provide all necessary assistance to the ISO in developing specific schedules to be included in executed Operating Agreements with such UDC to meet the intent of Section 3.1.1 of this Operating Agreement.
- 3.2 Agreement Subject to ISO Tariff.** This Operating Agreement shall be subject to the provisions of the ISO Tariff which shall be deemed to be incorporated by reference herein, as the same may be changed or superseded from time to time pursuant to Sections 16.1 and 20.1.3 of the ISO Tariff. The Parties agree that they will comply with Section 4, and any other applicable provisions, of the ISO Tariff.

- 3.3 Operation of ISO Controlled Grid.** The ISO shall operate the ISO Controlled Grid in accordance with the ISO Tariff and the Transmission Control Agreement to which it is a party.
- 3.4.1 Compliance with ISO Specifications and ISO Operating Procedure.** The UDC will abide by and will perform all of the obligations under the ISO Specifications and the ISO Operating Procedure placed on UDCs in respect of all matters set forth therein as the same may be changed or superseded from time to time pursuant to the procedures set forth in Sections 16.1 and 20.1.3 of the ISO Tariff. In the event of any conflict or dispute over interpretation, the ISO Tariff shall, at all times, take precedence over the ISO Specifications and ISO Operating Procedure. The ISO shall not implement any reliability requirements, operating requirements or performance standards that would impose increased costs on the UDC without giving due consideration to whether the benefits of such requirements or standards are sufficient to justify such increased costs. In any proceeding concerning the cost recovery by the UDC of capital and operation and maintenance costs incurred to comply with ISO Specifications and Operating Procedure, the ISO shall, at the request of the UDC, provide specific information regarding the nature of, and need for, the ISO-imposed requirements or standards to enable the UDC to use this information in support of cost recovery through rates and tariffs.
- 3.4.2 Review of Specifications and Operating Procedure.** The ISO shall periodically review with the UDC the ISO Specifications and Operating Procedure and, through the Grid Reliability and Operations Committee process, shall modify the specifications and/or Operating Procedure as necessary.
- 3.4.3 Periods When Compliance is Required.** While awaiting dispute resolution or regulatory review, the UDC shall not be required to comply with changes to the ISO Specifications and/or Operating Procedure, except where compliance is necessary in order to prevent or remedy an imminent System Emergency.
- 3.5 Scheduling Coordinator Certification.** The UDC shall ensure that any Scheduling Coordinator through which it schedules Energy and Ancillary Services to or from the ISO Controlled Grid is appropriately certified in accordance with Section 2.2.3 and 2.2.4 of the ISO Tariff in accordance with the list of Scheduling Coordinators established by the ISO on WEnet.
- 3.6 Single Point of Contact.** The ISO and the UDC shall each provide a single point of contact on a 24-hour, 7-day basis for the exchange of operational procedures and information. In the case of a UDC that is also a Participating TO, there may be only one single point of contact required and, in the reasonable discretion of the ISO, duplicative reporting requirements and functions may be waived. Details of requirements relating to and the identity of the initial points of contact are set forth in Schedule 2.

- 3.7 Delegated Operational Responsibilities.** The UDC undertakes to perform all operational responsibilities delegated to the UDC by the ISO in accordance with Section 4.1.2 of the ISO Tariff and described in Schedule 3.

ARTICLE IV OPERATIONAL COORDINATION

The Parties will perform the operational coordination obligations and responsibilities assigned to them under the ISO Tariff, the ISO Operating Procedures, and the ISO Specifications. The obligations and responsibilities include:

4.1 Maintenance Coordination

- 4.1.1 Maintenance Coordination for Facilities under ISO Control.** The UDC shall schedule with the ISO on an annual basis any maintenance Outages of the equipment included in Schedule 1 pursuant to Schedule 4 in compliance with the Outage Coordination Protocol of the ISO Tariff and shall coordinate its Outage requirements with the Participating TO with which it is interconnected.

- 4.1.2 Maintenance Coordination for Other Facilities.** With respect to other facilities which may affect the reliability of the UDC Interconnection, the UDC shall coordinate its Outage requirements with the Participating TO with which it is interconnected.

- 4.2 System Emergencies.** The responsibilities of the Parties in relation to System Emergencies are stated in Section 4.4 of the ISO Tariff, the Dispatch Protocol of the ISO Tariff and in Schedule 5. The ISO shall adopt fair and non-discriminatory procedures among the UDCs to ensure that no UDC bears a disproportionate share of the ISO's Load Shedding program.

- 4.2.1 Underfrequency Load Shedding (UFLS).** The responsibilities of the Parties in relation to UFLS are stated in Sections 2.3.2 and 4.4.3 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 6.

- 4.2.2 Other Automatic Load Shedding.** The responsibilities of the Parties in relation to automatic Load Shedding as a function of voltage and other parameters are stated in the ISO Operating Procedure, the ISO Specifications and in Schedule 7.

- 4.2.3 Manual Load Shedding.** The responsibilities of the Parties to direct and to accept direction for manual disconnection of Load, under EEP, Load curtailment programs or other emergency plans, are stated in Section 2.3 and Section 4.4.4 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 8.

- 4.3 Electrical Emergency Plan (EEP).** The responsibilities of the Parties in relation to the EEP are stated in Section 4.5 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 9.
- 4.4 Load Restoration.** The responsibilities of the Parties for restoring Load following a system disturbance are stated in Section 4.4.4 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 10.
- 4.5 Records, Information and Reports.** The Parties are required to maintain such records, to share information, and to make such reports as are stated in Section 4.1.2, 4.6 and 4.8 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications, and in Schedule 11. Additionally, the Parties shall jointly perform a review following a major Outage as provided in Section 2.3.2.9.1 of the ISO Tariff.
- 4.6 Interconnection Operation Standards.** The ISO and UDC shall maintain stable established operating parameters and control power and reactive flow within standards stated in the ISO Specifications and in Schedule 12.
- 4.7 Critical Protective Systems.** The UDC shall (in accordance with Section 11.2 of this Operating Agreement) notify the ISO as soon as is reasonably practicable of any condition that it becomes aware of that may compromise the ISO Controlled Grid Critical Protective Systems in accordance with Section 4.3 of the ISO Tariff and Schedule 13.
- 4.8 UDC Distribution Systems.** The ISO shall (in accordance with Section 11.2 of this Operating Agreement) notify the UDC as soon as is reasonably practicable of any condition which the ISO becomes aware that may compromise the operation and reliability of the UDC Distribution System.

ARTICLE V ACCESS TO FACILITIES

- 5.1 Access Rights.** Pursuant to Section 4.8.4 of the ISO Tariff and Schedule 14 of this Operating Agreement, the ISO and the UDC shall each have the right to install or to have installed equipment or other facilities, including metering equipment, on the electric utility property of the other necessary for the implementation of this Operating Agreement. The ISO's installation of equipment on the property of the UDC shall comply with Local Regulatory Authority regulations, except where compliance with Local Regulatory Authority regulations would cause the ISO to violate the ISO Tariff, and with all relevant safety standards. In such case, the UDC and ISO will work together to resolve the conflict between the Local Regulatory Authority regulations and the ISO Tariff.

- 5.2 Meter Testing.** The UDC shall, at the request of the ISO and upon reasonable notice, provide access to its facilities necessary to permit the ISO or an ISO-approved meter inspector to perform such testing as necessary in accordance with Section 4.8.4 of the ISO Tariff and the procedures set forth in Schedule 14.
- 5.3 Emergency Access Rights.** Section 4.8.4.3 of the ISO Tariff shall govern the ISO's right to access the UDC's equipment or other facilities during a System Emergency or where access is needed in connection with an audit function. In a System Emergency, the UDC shall have a right of access to ISO equipment on UDC property and UDC equipment on ISO property without notice.

ARTICLE VI COSTS

- 6.1 UDC Operating and Maintenance Costs.** The UDC shall be responsible for all costs incurred in connection with procuring, installing, operating and maintaining its facilities identified in Schedule 1 for the purpose of meeting its obligations under this Operating Agreement.
- 6.2 ISO Operating and Maintenance Costs.** The ISO shall be responsible for the procurement, installation, operation and maintenance costs of ISO equipment set out in Article V of this Operating Agreement installed on UDC property.

ARTICLE VII DISPUTE RESOLUTION

- 7.1 Alternative Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Operating 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 all reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the UDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

- 8.1 Representations and Warranties.** Each Party represents and warrants that its execution, delivery and performance of this Operating Agreement has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.

- 8.2 Necessary Approvals.** Each Party represents that all necessary approvals, permits, licenses, easements, right of way or access to install, own and operate its facilities subject to this Operating Agreement have been obtained prior to the effective date of this Operating Agreement.

ARTICLE IX LIABILITY

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

ARTICLE X UNCONTROLLABLE FORCES

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

ARTICLE XI MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign its obligations under this Operating Agreement, with the other Party's prior written consent, in accordance with Section 17 of the ISO Tariff, which is incorporated by reference into this Operating Agreement. Such consent shall not be unreasonably withheld.
- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Operating Agreement shall be made in accordance with Section 20.1 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 20.1 to Market Participants shall be read as a reference to the UDC. A Party must update the information relating to its address as that information changes in accordance with Section 20.1 of the ISO Tariff. Such changes will not constitute an amendment to this Operating Agreement.
- 11.3 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.

11.4 Governing Law and Forum. 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 in its conflict of laws provisions. The Parties irrevocably consent that any legal action or proceeding arising under or in relation to this Operating 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.

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

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

11.6 Integration. This Operating Agreement constitutes the full agreement of the Parties with respect to the subject matter hereto and supercedes all prior agreements, whether written or oral, with respect to such subject matter.

- 11.7 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.
- 11.8 Penalties.** Any penalties to be levied under this Operating Agreement shall be established in accordance with the ISO Tariff after consultation between the UDC and the ISO, and approval by the FERC, and shall be set out in Schedule 15. No penalties or sanctions may be imposed under this Operating Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Operating Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the UDC 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 UDC.
- 11.9 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.
- 11.10 Amendments.** This Operating 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.
- 11.11 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 hereinabove written.

California Independent System Operator Corporation

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

City of Corona, California

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

SCHEDULE 1

FACILITIES UNDER ISO CONTROL

The UDC will supply a list of UDC facilities that are placed under the operational control of the ISO in Schedule 1.

There are no UDC facilities to be listed here at present.

SCHEDULE 2

OPERATIONAL CONTACTS

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

SCHEDULE 3

DELEGATED OPERATIONAL RESPONSIBILITIES

Currently the ISO has not delegated any operational responsibilities to the UDC in accordance with Section 4.1.2 of the ISO Tariff. If such a delegation occurs, they will be identified in this Schedule 3.

The information to be contained in this Schedule may be subject to additional filing due to subsequent revisions as these may be required from time to time.

SCHEDULE 4

MAINTENANCE COORDINATION

By October 15th of each year, the UDC will exchange with the ISO a provisional planned outage program for all lines and equipment in Schedule 1. That document will be updated quarterly or as changes occur to the proposed schedule.

The ISO will approve all outages on equipment and lines transferred to ISO operational control.

Applications for scheduled work will be submitted to the ISO by the UDC via means to be agreed to by both Parties. The UDC documents will record the details for all work and become the data base for reporting and recording outage information.

SCHEDULE 5

SYSTEM EMERGENCIES

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

SCHEDULE 6

UNDERFREQUENCY LOAD SHEDDING

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

SCHEDULE 7**OTHER AUTOMATIC LOAD SHEDDING**

The UDC has no automatic load shedding in place.

SCHEDULE 8

MANUAL LOAD SHEDDING

Criteria for the implementation of manual Load Shedding are set forth in the UDC's Electric Emergency Plan attached to Schedule 9.

SCHEDULE 8A

ROTATING LOAD CURTAILMENT PROCEDURES

The UDC's rotating Load curtailment procedures are described in Schedule 8. To maintain a minimum amount of continuously interrupted Load, as directed by the ISO, for an extended amount of time, no portion of the UDC's interrupted Load shall be restored unless an equal or greater amount of Load is interrupted first.

SCHEDULE 8B**INTERRUPTIBLE LOAD**

The UDC has not implemented a program for interruptible Loads.

Should the UDC seek to bid any interruptible Load into any ISO market, the UDC shall provide a complete description of the program to the ISO at least sixty (60) days prior to the submission of the first such bid by the UDC's Scheduling Coordinator and all applicable Operating Procedures shall be followed.

SCHEDULE 9

ELECTRICAL EMERGENCY PLAN

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

SCHEDULE 10

LOAD RESTORATION

The UDC will follow the procedures set forth below in this Schedule 10 in promoting orderly, coordinated restoration of electric systems after a major system disturbance has occurred which resulted in load shedding by frequency relays in California.

1. Immediately after load shedding by frequency relay has occurred in the UDC, the UDC will remain in contact with the Area Control Center (ACC) specified by the ISO, currently the SCE ACC, until normal frequency has been restored throughout the ISO Control Area or the ISO Shift Manager has concluded that such full-time communications can be terminated. Emergency communications over the California ACC Hot-line will be under the direction of the ISO Shift Manager and the senior dispatcher present at the SCE ACC(s).
2. Manual load restoration will not normally be initiated until the California ACC Hot Line is attended. No load is to be manually restored unless directed by the ISO, either directly or through its assignee, provided that the procedure for the ISO's designation of any assignee is agreed to by the UDC, after the frequency has recovered and there is indication that the frequency can be maintained. The UDC will await direction from the ISO or its assignee, who will be in contact with the ISO Shift Manager. The ISO Shift Manager will determine whether adequate generation resources are available on line to support the load to be restored.
3. Any UDC automatic load restoration will be consistent with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan.
4. If the ISO cannot meet the WECC and NERC Control Area Disturbance Control Standard or the Control Performance Standard post disturbance, no manual load restoration will be permitted. If the frequency is such that automatic load restoration occurs under these conditions, if the UDC has restored load automatically, it will manually shed an equivalent amount of load to offset the load which was automatically restored.
5. Restoration of ties and off-site power supply to nuclear generating facilities should be given top priority. Manual load restoration will be deferred during periods of tie restoration. The UDC should be equipped and prepared to drop load manually when necessary to allow frequency recovery sufficient to re-establish ISO intra-area ties and ties between the ISO Control Area and outside systems. Where manual load shedding is required, the ISO shall make reasonable efforts to allocate the load shedding requirement equitably among the UDCs where load shedding will be beneficial.

6. The UDC will use its existing plans and priorities to restore load within the parameters given by the ISO, giving the appropriate priority to essential services such as military, public safety agencies, water treatment plants, sewage treatment plants, etc.

SCHEDULE 11

RECORDS, INFORMATION, REPORTS

The ISO and UDC will jointly develop any necessary forms and procedures for collection, study and transmittal of system data, information, reports, and forecasts.

SCHEDULE 12

OPERATION STANDARDS

The ISO shall maintain stable operating parameters and control of real and reactive power flows in accordance with the ISO Tariff and the following Operation Standards. For those portions of the UDC's system that are not directly interconnected with the ISO Controlled Grid, the UDC shall maintain stable operating parameters and control of real and reactive power flows in accordance with the Wholesale Distribution Access Tariff between SCE and the UDC (or a replacement agreement provided that any replacement agreement preserves the UDC's obligations in accordance with Section 4.6 of this Operating Agreement and this Schedule 12), which is incorporated herein by reference. For those portions of the UDC's system that are directly interconnected with the ISO Controlled Grid, the UDC shall maintain stable operating parameters and control of real and reactive power flows in accordance with the ISO Tariff and the following Operation Standards, and the responsibilities described below shall apply at each point of interconnection with the ISO Controlled Grid.

UDC Responsibilities

- 1.0 The UDC shall operate its facilities in such manner as to avoid any material or adverse impact on the ISO Controlled Grid. In accordance with this performance goal, the UDC shall:
 - 1.1 Operate its facilities at each point of interconnection within established operating parameters including normal ratings, emergency ratings, voltage limits, and balance of load between electrical phases.
 - 1.2 Maintain primary and backup protective systems such that faults on UDC facilities will be cleared with minimal impact on the ISO Controlled Grid.
 - 1.3 Maintain load power factor at each point of interconnection with the ISO Controlled Grid as close as possible to unity power factor and pursuant to Section 2.5.3.4 of the ISO Tariff.

ISO Responsibilities

- 2.0 The ISO shall operate the ISO Controlled Grid at each point of interconnection with the UDC in such manner as to avoid any material or adverse impact on the UDC facilities. In accordance with this performance goal, the ISO shall:

- 2.1 Participate with the UDC and SCE in the development of joint power quality performance standards and jointly maintain compliance with such standards.
- 2.2 Observe UDC grid voltage limits specified in Attachment 1 including requirements for reduced voltage on ISO Controlled Grid facilities which apply during heavy fog (or other unusual operating conditions) as needed to minimize the risk of insulator flashover.
- 2.3 Approve transmission owner maintenance requests in a timely manner, and shall not unreasonably withhold approval of such requests for authorization to perform energized insulator washing work or to take planned Outages needed to replace or insul-grease insulators.
- 2.4 Support UDC investigation of power quality incidents, and provide related data to the UDC in a timely manner.
- 2.5 Support installation of apparatus on the ISO Controlled Grid to improve power quality, and take all reasonable measures to investigate and mitigate power quality concerns caused by actions or events in neighboring systems or Control Areas.
- 2.6 Maintain load power factor at each point of interconnection of the ISO Controlled Grid with the UDC's system as close as possible to unity power factor and pursuant to Section 2.5.3.4 of the ISO Tariff.

SCHEDULE 12
ATTACHMENT 1

UDC GRID VOLTAGE LIMITS

There are no UDC grid voltage limitations at the present time.

SCHEDULE 13

CRITICAL PROTECTIVE SYSTEMS

Distribution protective relay schemes affecting the ISO Controlled Grid are those associated with transformers that would trip transmission breakers and/or busses when activated. These would include any of the following:

1. High Side Overcurrent Relays
2. Differential Overcurrent Relays
3. Sudden Pressure Relays
4. Low Oil Relays
5. Neutral Ground Overcurrent Relays
6. On fuse protected transformers, it would be the high-side fuses.

Following is a brief description of the relaying schemes at the Clearwater and ClearGen Substations, which serve the Clearwater Power Plant Project.

Corona's ClearGen Substation 66 kV breaker is "L1". Clearwater Substation is located at 2205 Railroad Street, Corona. ClearGen Substation is SCE's substation and Corona's interconnection to the SCE grid, located at 1425 Railroad Street, Corona.

L1 is equipped with a SEL 351B, which will be directional when power is flowing to ClearGen, otherwise non-directional. The 351B will perform the sync check so that L1 can only close on live line coming from ClearGen Substation and dead load or generator bus. L1 will not parallel.

The Clearwater Substation includes the main 12 kV switchgear, which includes five 12 kV breakers. The main transformer is a three winding with one primary and two secondaries.

The high voltage portion of the Clearwater Substation begins at the 66 kV studs on top of the transformer leading to a set of 3 PT/CT metering units for relay use, then to the S&C switcher, then to a second set of 3 CT/PTs for building power use and metering, then to a no load isolating switch, and finally to the down 66 kV U.G. cable to SCE's ClearGen Substation where they connect to the SCE 66 kV transmission system.

Following is a brief description of the relaying schemes at the Clearwater Power Plant Project.

2. **Differential Overcurrent Relays:** There are five differential overcurrent relays at the Clearwater Power Plant Project. The first differential relay protects the gas turbine generator. It acts to open the generator main breaker 52-G1, and shut down the gas turbine. The second differential relay protects the steam turbine generator. It acts to open the generator main breaker 52-G2, and shut down the steam turbine. The third differential relay protects the gas turbine generator main bus No. 1. It acts to open the gas turbine breaker 52-G1, 66 kV breaker 52-L1, and feeder breakers 52-01, 52-02, and 52-03. The fourth differential relay protects the main transformer XFMR 0101. It acts to open the 66 kV breaker 52-L1, steam turbine generator breaker 52-G2, and gas turbine main breaker 52-G1.
3. **Sudden Pressure Relays:** There is a sudden pressure relay installed on main transformer XFMR0101 and auxiliary transformer XFMR 0102. The relay on XFMR 0101 acts to trip the 66 kV breaker 52-L1, gas turbine generator breaker 52-G1, and steam turbine generator 520G2. The relay installed on auxiliary transformer XFMR 0102 acts to trip the transformer primary breaker 52-02.
4. **Low Oil Relays:** Low oil level relays are installed on XFMR 0101 and auxiliary transformer XFMR 0102. They provide alarms to the plant control system.
5. **Neutral Ground Overcurrent Relays:** Neutral ground current relays are installed on the main transformer XFMR 0101, gas turbine generator, and the steam turbine generator. The transformer ground current relay acts to open the 66 kV breaker 52-L1, the gas turbine breaker 52-G1, and the steam turbine generator breaker 52-G2. The gas turbine generator ground current relay acts to open the gas turbine generator main breaker 52-G1 and shut down the gas turbine. The steam turbine generator ground current relay acts to open the steam turbine generator main breaker 52-G2 and shut down the steam turbine.

SCHEDULE 14

RIGHTS OF ACCESS TO FACILITIES

14.1 Equipment Installation. In order to give effect to this Operating Agreement, a Party that requires to use particular equipment (the equipment owner) may require installation of such equipment on property owned by the other Party (the property owner), provided that the equipment is necessary to meet the equipment owner's service obligations and that the equipment shall not have a negative impact on the reliability of the service provided, nor prevent the property owner from performing its own obligations or exercising its rights under this Operating Agreement.

14.1.1 Free Access. The property owner shall grant to the equipment owner free of charge reasonable installation rights and rights of access to accommodate equipment inspection, maintenance, repair, upgrading, or removal for the purposes of this Operating Agreement, subject to the property owner's reasonable safety, operational, and future expansion needs.

14.1.2 Notice. The equipment owner shall provide reasonable notice to the property owner when requesting access for site assessment, equipment installation, or other relevant purposes. Such access shall not be provided unless the parties mutually agree to the date, time, and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld or delayed.

14.1.3 Removal of Installed Equipment. Following reasonable notice, the equipment owner shall be required, at its own expense, to remove or relocate equipment, at the request of the property owner, provided that the equipment owner shall not be required to do so if it would have a negative impact on the reliability of the service provided, or be prevented from performing its own obligations or exercising its rights under this Operating Agreement.

14.1.4 Costs. The equipment owner shall repair at its own expense any property damage it causes in exercising its rights and shall reimburse the property owner for any other reasonable costs that it may be required to incur to accommodate the equipment owner's exercise of its rights under this Section 14.1.

14.2 Rights to Assets. The Parties shall not interfere with each other's assets, without prior written agreement.

14.3 Inspection of Facilities. In order to meet their respective obligations under this Operating Agreement, each Party may view or inspect facilities owned by the other Party. Provided that reasonable notice is given, a Party shall not unreasonably deny access to relevant facilities for viewing or inspection by the requesting Party.

14.4 Access During Emergencies. Either Party shall have rights of access, without prior notice, to the other Party's equipment as necessary during times of a System Emergency.

SCHEDULE 15

PENALTIES AND SANCTIONS

[Intentionally left blank, initially, in accordance with Section 11.8]

The information to be contained in this Schedule will be filed when complete following current revisions and development and may thereafter be subject to additional filing due to subsequent revisions as these may be required from time to time.

ATTACHMENT F

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

CITY OF CORONA

**UTILITY DISTRIBUTION COMPANY
OPERATING AGREEMENT**

UTILITY DISTRIBUTION COMPANY OPERATING AGREEMENT

THIS OPERATING AGREEMENT is dated this ____ day of _____, ____ and is entered into, by and between:

- (1) **The City of Corona**, a municipal corporation of the State of California, which owns and operates a municipal electric utility system engaged in the Generation, distribution, purchase and sale of electric power and Energy at wholesale and retail, having its registered and principal place of business located at 730 Corporation Yard Way, Corona, California 92880 (the "UDC");
and
- (2) **California Independent System Operator Corporation**, a California non-profit public benefit corporation having its principal place of business located in 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 UDC and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A. The purpose of this Operating Agreement is to establish the rights and obligations of the UDC and the ISO with respect to the UDC's Interconnection with the ISO Controlled Grid and the UDC's cooperation and coordination with the ISO to aid the reliability and the operational control of the ISO Controlled Grid and the UDC's Distribution System.
- B. The UDC owns and operates a Distribution System within the ISO Control Area subject to the authority of a Local Regulatory Authority.
- C. The UDC wishes to transmit Energy and/or supply Ancillary Services to or from the ISO Controlled Grid under the terms and conditions set forth in the ISO Tariff. The UDC also wishes to support and be part of the coordinated response to System Emergencies and to System Reliability concerns relating to the ISO Controlled Grid.
- D. The ISO has certain statutory obligations under California law to maintain the reliability of the ISO Controlled Grid.
- E. This Operating Agreement obligates the UDC and the ISO to comply with the relevant sections of the ISO Tariff, the ISO Operating Procedures and the ISO Specifications.
- F. The UDC and the Participating TO with which it is interconnected intend to coordinate the planning and implementation of any expansions or modifications of the UDC's or Participating TO's systems that will affect their transmission interconnection, the ISO Controlled Grid or the transmission services to be required by the UDC.

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.** Unless defined in Section 1.2 of this Operating Agreement, all terms and expressions used in this Operating Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.
- 1.2 Special Definitions for this Operating Agreement.** In this Operating Agreement, the following words and expressions shall have the meanings set opposite them:
- “ISO Specifications”** means those standards pertaining to the areas of operation listed in Article IV of this Operating Agreement, approved by the ISO to establish detailed technical performance and reliability parameters at the ISO Controlled Grid and UDC Interconnection, associated with the ISO Tariff, as those standards may be amended from time to time.
- “ISO Operating Procedure”** means those procedures pertaining to the areas of operation listed in Article IV of this Operating Agreement, created by the ISO to establish detailed operating practices at the ISO Controlled Grid and UDC Interconnection, associated with general provisions required in the ISO Tariff, as those standards may be amended from time to time.
- “Underfrequency Load Shedding (UFLS)”** means automatic Load Shedding, accomplished by the use of such devices as underfrequency relays, intended to arrest frequency decline and assure continued operation within anticipated islands.
- 1.3 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Operating Agreement:
- (a) if there is any inconsistency between this Operating 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 Operating Agreement, as the case may be, unless the context otherwise requires;

- (f) a reference in this Operating Agreement to a given agreement, instrument or the ISO Tariff shall be a reference to that agreement, instrument or the ISO Tariff 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 the captions and headings in this Operating Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Operating Agreement.

ARTICLE II TERM AND TERMINATION

- 2.1 Effective Date.** This Operating Agreement shall be effective as of the later of the date it is executed by the Parties or the date accepted for filing and made effective by the FERC and shall remain in full force and effect until the earlier of the termination date, the termination of the TCA or such other date as the Parties shall mutually agree. With respect to any such termination, the ISO must file a timely notice of termination with FERC, and this Operating Agreement shall terminate upon acceptance by FERC of such a notice of termination.
- 2.2 Termination Date.** Either Party (the terminating Party) may terminate this Operating Agreement by giving written notice in the event that the other Party (the defaulting Party) commits any default under this Operating Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within 30 days after the terminating Party has given the defaulting Party written notice of the default, unless excused by reason of Uncontrollable Forces under Article X of this Operating 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 30 days of receipt of such request. This Operating Agreement shall terminate upon acceptance by FERC of such a notice of termination.

- 2.3 Termination Pursuant to the TCA.** If the UDC is a party to the Transmission Control Agreement ("TCA"), this Operating Agreement shall terminate upon the effective date of the UDC's withdrawal from the TCA in accordance with Section 3.3 of the TCA, provided, however, that first the ISO shall have filed a timely notice of termination with FERC and FERC shall have accepted such notice of termination. 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.

ARTICLE III GENERAL TERMS AND CONDITIONS

- 3.1.1 Facilities Under ISO Operational Control.** Parties shall identify on Schedule 1 those facilities of the UDC that the Parties mutually agree will be placed under the ISO's operational control pursuant to section 4.9 of the ISO Tariff. In the event that a Party invokes the dispute resolution provision identified in Section 7.1 of this Operating Agreement, such dispute shall be resolved based upon whether the ISO's control over such disputed facilities is essential to meeting the Applicable Reliability Criteria, as defined in the ISO Tariff. With respect to each facility identified in Schedule 1, the Parties shall negotiate the extent of the ISO's operational control in order to meet said standard.
- 3.1.2 Facilities Financed by Local Furnishing Bonds or Other Tax-Exempt Bonds.** This Section 3.1.2 applies only to facilities which are under the operational control of the ISO and are owned by a UDC with Local Furnishing Bonds or other tax-exempt bonds. Nothing in this Operating Agreement shall compel (and the ISO is not authorized to request) any UDC with Local Furnishing Bonds, or other tax-exempt bonds, to violate restrictions applicable to facilities which are part of a system that was financed in whole or part with Local Furnishing Bonds or other tax-exempt bonds. The UDC shall cooperate with and provide all necessary assistance to the ISO in developing specific schedules to be included in executed Operating Agreements with such UDC to meet the intent of Section 3.1.1 of this Operating Agreement.
- 3.2 Agreement Subject to ISO Tariff.** This Operating Agreement shall be subject to the provisions of the ISO Tariff which shall be deemed to be incorporated by reference herein, as the same may be changed or superseded from time to time pursuant to Sections 16.1 and 20.1.3 of the ISO Tariff. The Parties agree that they will comply with Section 4, and any other applicable provisions, of the ISO Tariff.

- 3.3 Operation of ISO Controlled Grid.** The ISO shall operate the ISO Controlled Grid in accordance with the ISO Tariff and the Transmission Control Agreement to which it is a party.
- 3.4.1 Compliance with ISO Specifications and ISO Operating Procedure.** The UDC will abide by and will perform all of the obligations under the ISO Specifications and the ISO Operating Procedure placed on UDCs in respect of all matters set forth therein as the same may be changed or superseded from time to time pursuant to the procedures set forth in Sections 16.1 and 20.1.3 of the ISO Tariff. In the event of any conflict or dispute over interpretation, the ISO Tariff shall, at all times, take precedence over the ISO Specifications and ISO Operating Procedure. The ISO shall not implement any reliability requirements, operating requirements or performance standards that would impose increased costs on the UDC without giving due consideration to whether the benefits of such requirements or standards are sufficient to justify such increased costs. In any proceeding concerning the cost recovery by the UDC of capital and operation and maintenance costs incurred to comply with ISO Specifications and Operating Procedure, the ISO shall, at the request of the UDC, provide specific information regarding the nature of, and need for, the ISO-imposed requirements or standards to enable the UDC to use this information in support of cost recovery through rates and tariffs.
- 3.4.2 Review of Specifications and Operating Procedure.** The ISO shall periodically review with the UDC the ISO Specifications and Operating Procedure and, through the Grid Reliability and Operations Committee process, shall modify the specifications and/or Operating Procedure as necessary.
- 3.4.3 Periods When Compliance is Required.** While awaiting dispute resolution or regulatory review, the UDC shall not be required to comply with changes to the ISO Specifications and/or Operating Procedure, except where compliance is necessary in order to prevent or remedy an imminent System Emergency.
- 3.5 Scheduling Coordinator Certification.** The UDC shall ensure that any Scheduling Coordinator through which it schedules Energy and Ancillary Services to or from the ISO Controlled Grid is appropriately certified in accordance with Section 2.2.3 and 2.2.4 of the ISO Tariff in accordance with the list of Scheduling Coordinators established by the ISO on WEnet.
- 3.6 Single Point of Contact.** The ISO and the UDC shall each provide a single point of contact on a 24-hour, 7-day basis for the exchange of operational procedures and information. In the case of a UDC that is also a Participating TO, there may be only one single point of contact required and, in the reasonable discretion of the ISO, duplicative reporting requirements and functions may be waived. Details of requirements relating to and the identity of the initial points of contact are set forth in Schedule 2.

- 3.7 Delegated Operational Responsibilities.** The UDC undertakes to perform all operational responsibilities delegated to the UDC by the ISO in accordance with Section 4.1.2 of the ISO Tariff and described in Schedule 3.

ARTICLE IV OPERATIONAL COORDINATION

The Parties will perform the operational coordination obligations and responsibilities assigned to them under the ISO Tariff, the ISO Operating Procedures, and the ISO Specifications. The obligations and responsibilities include:

4.1 Maintenance Coordination

4.1.1 Maintenance Coordination for Facilities under ISO Control. The UDC shall schedule with the ISO on an annual basis any maintenance Outages of the equipment included in Schedule 1 pursuant to Schedule 4 in compliance with the Outage Coordination Protocol of the ISO Tariff and shall coordinate its Outage requirements with the Participating TO with which it is interconnected.

4.1.2 Maintenance Coordination for Other Facilities. With respect to other facilities which may affect the reliability of the UDC Interconnection, the UDC shall coordinate its Outage requirements with the Participating TO with which it is interconnected.

4.2 System Emergencies. The responsibilities of the Parties in relation to System Emergencies are stated in Section 4.4 of the ISO Tariff, the Dispatch Protocol of the ISO Tariff and in Schedule 5. The ISO shall adopt fair and non-discriminatory procedures among the UDCs to ensure that no UDC bears a disproportionate share of the ISO's Load Shedding program.

4.2.1 Underfrequency Load Shedding (UFLS). The responsibilities of the Parties in relation to UFLS are stated in Sections 2.3.2 and 4.4.3 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 6.

4.2.2 Other Automatic Load Shedding. The responsibilities of the Parties in relation to automatic Load Shedding as a function of voltage and other parameters are stated in the ISO Operating Procedure, the ISO Specifications and in Schedule 7.

4.2.3 Manual Load Shedding. The responsibilities of the Parties to direct and to accept direction for manual disconnection of Load, under EEP, Load curtailment programs or other emergency plans, are stated in Section 2.3 and Section 4.4.4 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 8.

- 4.3 Electrical Emergency Plan (EEP).** The responsibilities of the Parties in relation to the EEP are stated in Section 4.5 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 9.
- 4.4 Load Restoration.** The responsibilities of the Parties for restoring Load following a system disturbance are stated in Section 4.4.4 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 10.
- 4.5 Records, Information and Reports.** The Parties are required to maintain such records, to share information, and to make such reports as are stated in Section 4.1.2, 4.6 and 4.8 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications, and in Schedule 11. Additionally, the Parties shall jointly perform a review following a major Outage as provided in Section 2.3.2.9.1 of the ISO Tariff.
- 4.6 Interconnection Operation Standards.** The ISO and UDC shall maintain stable established operating parameters and control power and reactive flow within standards stated in the ISO Specifications and in Schedule 12.
- 4.7 Critical Protective Systems.** The UDC shall (in accordance with Section 11.2 of this Operating Agreement) notify the ISO as soon as is reasonably practicable of any condition that it becomes aware of that may compromise the ISO Controlled Grid Critical Protective Systems in accordance with Section 4.3 of the ISO Tariff and Schedule 13.
- 4.8 UDC Distribution Systems.** The ISO shall (in accordance with Section 11.2 of this Operating Agreement) notify the UDC as soon as is reasonably practicable of any condition which the ISO becomes aware that may compromise the operation and reliability of the UDC Distribution System.

ARTICLE V ACCESS TO FACILITIES

- 5.1 Access Rights.** Pursuant to Section 4.8.4 of the ISO Tariff and Schedule 14 of this Operating Agreement, the ISO and the UDC shall each have the right to install or to have installed equipment or other facilities, including metering equipment, on the electric utility property of the other necessary for the implementation of this Operating Agreement. The ISO's installation of equipment on the property of the UDC shall comply with Local Regulatory Authority regulations, except where compliance with Local Regulatory Authority regulations would cause the ISO to violate the ISO Tariff, and with all relevant safety standards. In such case, the UDC and ISO will work together to resolve the conflict between the Local Regulatory Authority regulations and the ISO Tariff.

- 5.2 Meter Testing.** The UDC shall, at the request of the ISO and upon reasonable notice, provide access to its facilities necessary to permit the ISO or an ISO-approved meter inspector to perform such testing as necessary in accordance with Section 4.8.4 of the ISO Tariff and the procedures set forth in Schedule 14.
- 5.3 Emergency Access Rights.** Section 4.8.4.3 of the ISO Tariff shall govern the ISO's right to access the UDC's equipment or other facilities during a System Emergency or where access is needed in connection with an audit function. In a System Emergency, the UDC shall have a right of access to ISO equipment on UDC property and UDC equipment on ISO property without notice.

ARTICLE VI COSTS

- 6.1 UDC Operating and Maintenance Costs.** The UDC shall be responsible for all costs incurred in connection with procuring, installing, operating and maintaining its facilities identified in Schedule 1 for the purpose of meeting its obligations under this Operating Agreement.
- 6.2 ISO Operating and Maintenance Costs.** The ISO shall be responsible for the procurement, installation, operation and maintenance costs of ISO equipment set out in Article V of this Operating Agreement installed on UDC property.

ARTICLE VII DISPUTE RESOLUTION

- 7.1 Alternative Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Operating 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 all reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the UDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

- 8.1 Representations and Warranties.** Each Party represents and warrants that its execution, delivery and performance of this Operating Agreement has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.

- 8.2 Necessary Approvals.** Each Party represents that all necessary approvals, permits, licenses, easements, right of way or access to install, own and operate its facilities subject to this Operating Agreement have been obtained prior to the effective date of this Operating Agreement.

ARTICLE IX LIABILITY

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

ARTICLE X UNCONTROLLABLE FORCES

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

ARTICLE XI MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign its obligations under this Operating Agreement, with the other Party's prior written consent, in accordance with Section 17 of the ISO Tariff, which is incorporated by reference into this Operating Agreement. Such consent shall not be unreasonably withheld.
- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Operating Agreement shall be made in accordance with Section 20.1 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 20.1 to Market Participants shall be read as a reference to the UDC. A Party must update the information relating to its address as that information changes in accordance with Section 20.1 of the ISO Tariff. Such changes will not constitute an amendment to this Operating Agreement.
- 11.3 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.

11.4 Governing Law and Forum. 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 in its conflict of laws provisions. The Parties irrevocably consent that any legal action or proceeding arising under or in relation to this Operating 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.

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

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

11.6 Integration. This Operating Agreement constitutes the full agreement of the Parties with respect to the subject matter hereto and supercedes all prior agreements, whether written or oral, with respect to such subject matter.

- 11.7 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.
- 11.8 Penalties.** Any penalties to be levied under this Operating Agreement shall be established in accordance with the ISO Tariff after consultation between the UDC and the ISO, and approval by the FERC, and shall be set out in Schedule 15. No penalties or sanctions may be imposed under this Operating Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Operating Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the UDC 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 UDC.
- 11.9 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.
- 11.10 Amendments.** This Operating 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.
- 11.11 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 hereinabove written.

California Independent System Operator Corporation

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

City of Corona, California

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

SCHEDULE 1**FACILITIES UNDER ISO CONTROL**

The UDC will supply a list of UDC facilities that are placed under the operational control of the ISO in Schedule 1.

There are no UDC facilities to be listed here at present.

SCHEDULE 2

OPERATIONAL CONTACTS

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

SCHEDULE 3

DELEGATED OPERATIONAL RESPONSIBILITIES

Currently the ISO has not delegated any operational responsibilities to the UDC in accordance with Section 4.1.2 of the ISO Tariff. If such a delegation occurs, they will be identified in this Schedule 3.

The information to be contained in this Schedule may be subject to additional filing due to subsequent revisions as these may be required from time to time.

SCHEDULE 4

MAINTENANCE COORDINATION

By October 15th of each year, the UDC will exchange with the ISO a provisional planned outage program for all lines and equipment in Schedule 1. That document will be updated quarterly or as changes occur to the proposed schedule.

The ISO will approve all outages on equipment and lines transferred to ISO operational control.

Applications for scheduled work will be submitted to the ISO by the UDC via means to be agreed to by both Parties. The UDC documents will record the details for all work and become the data base for reporting and recording outage information.

SCHEDULE 5

SYSTEM EMERGENCIES

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

SCHEDULE 6

UNDERFREQUENCY LOAD SHEDDING

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

SCHEDULE 7

OTHER AUTOMATIC LOAD SHEDDING

The UDC has no automatic load shedding in place.

SCHEDULE 8

MANUAL LOAD SHEDDING

Criteria for the implementation of manual Load Shedding are set forth in the UDC's Electric Emergency Plan attached to Schedule 9.

SCHEDULE 8A**ROTATING LOAD CURTAILMENT PROCEDURES**

The UDC's rotating Load curtailment procedures are described in Schedule 8. To maintain a minimum amount of continuously interrupted Load, as directed by the ISO, for an extended amount of time, no portion of the UDC's interrupted Load shall be restored unless an equal or greater amount of Load is interrupted first.

SCHEDULE 8B**INTERRUPTIBLE LOAD**

The UDC has not implemented a program for interruptible Loads.

Should the UDC seek to bid any interruptible Load into any ISO market, the UDC shall provide a complete description of the program to the ISO at least sixty (60) days prior to the submission of the first such bid by the UDC's Scheduling Coordinator and all applicable Operating Procedures shall be followed.

SCHEDULE 9

ELECTRICAL EMERGENCY PLAN

**Privileged information has been redacted pursuant to
18 C. F. R. § 388.112**

SCHEDULE 10

LOAD RESTORATION

The UDC will follow the procedures set forth below in this Schedule 10 in promoting orderly, coordinated restoration of electric systems after a major system disturbance has occurred which resulted in load shedding by frequency relays in California.

1. Immediately after load shedding by frequency relay has occurred in the UDC, the UDC will remain in contact with the Area Control Center (ACC) specified by the ISO, currently the SCE ACC, until normal frequency has been restored throughout the ISO Control Area or the ISO Shift Manager has concluded that such full-time communications can be terminated. Emergency communications over the California ACC Hot-line will be under the direction of the ISO Shift Manager and the senior dispatcher present at the SCE ACC(s).
2. Manual load restoration will not normally be initiated until the California ACC Hot Line is attended. No load is to be manually restored unless directed by the ISO, either directly or through its assignee, provided that the procedure for the ISO's designation of any assignee is agreed to by the UDC, after the frequency has recovered and there is indication that the frequency can be maintained. The UDC will await direction from the ISO or its assignee, who will be in contact with the ISO Shift Manager. The ISO Shift Manager will determine whether adequate generation resources are available on line to support the load to be restored.
3. Any UDC automatic load restoration will be consistent with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan.
4. If the ISO cannot meet the WECC and NERC Control Area Disturbance Control Standard or the Control Performance Standard post disturbance, no manual load restoration will be permitted. If the frequency is such that automatic load restoration occurs under these conditions, if the UDC has restored load automatically, it will manually shed an equivalent amount of load to offset the load which was automatically restored.
5. Restoration of ties and off-site power supply to nuclear generating facilities should be given top priority. Manual load restoration will be deferred during periods of tie restoration. The UDC should be equipped and prepared to drop load manually when necessary to allow frequency recovery sufficient to re-establish ISO intra-area ties and ties between the ISO Control Area and outside systems. Where manual load shedding is required, the ISO shall make reasonable efforts to allocate the load shedding requirement equitably among the UDCs where load shedding will be beneficial.

6. The UDC will use its existing plans and priorities to restore load within the parameters given by the ISO, giving the appropriate priority to essential services such as military, public safety agencies, water treatment plants, sewage treatment plants, etc.

SCHEDULE 11

RECORDS, INFORMATION, REPORTS

The ISO and UDC will jointly develop any necessary forms and procedures for collection, study and transmittal of system data, information, reports, and forecasts.

SCHEDULE 12

OPERATION STANDARDS

The ISO shall maintain stable operating parameters and control of real and reactive power flows in accordance with the ISO Tariff and the following Operation Standards. For those portions of the UDC's system that are not directly interconnected with the ISO Controlled Grid, the UDC shall maintain stable operating parameters and control of real and reactive power flows in accordance with the Wholesale Distribution Access Tariff between SCE and the UDC (or a replacement agreement provided that any replacement agreement preserves the UDC's obligations in accordance with Section 4.6 of this Operating Agreement and this Schedule 12), which is incorporated herein by reference. For those portions of the UDC's system that are directly interconnected with the ISO Controlled Grid, the UDC shall maintain stable operating parameters and control of real and reactive power flows in accordance with the ISO Tariff and the following Operation Standards, and the responsibilities described below shall apply at each point of interconnection with the ISO Controlled Grid.

UDC Responsibilities

- 1.0 The UDC shall operate its facilities in such manner as to avoid any material or adverse impact on the ISO Controlled Grid. In accordance with this performance goal, the UDC shall:
- 1.1 Operate its facilities at each point of interconnection within established operating parameters including normal ratings, emergency ratings, voltage limits, and balance of load between electrical phases.
- 1.2 Maintain primary and backup protective systems such that faults on UDC facilities will be cleared with minimal impact on the ISO Controlled Grid.
- 1.3 Maintain load power factor at each point of interconnection with the ISO Controlled Grid as close as possible to unity power factor and pursuant to Section 2.5.3.4 of the ISO Tariff.

ISO Responsibilities

- 2.0 The ISO shall operate the ISO Controlled Grid at each point of interconnection with the UDC in such manner as to avoid any material or adverse impact on the UDC facilities. In accordance with this performance goal, the ISO shall:

- 2.1 Participate with the UDC and SCE in the development of joint power quality performance standards and jointly maintain compliance with such standards.
- 2.2 Observe UDC grid voltage limits specified in Attachment 1 including requirements for reduced voltage on ISO Controlled Grid facilities which apply during heavy fog (or other unusual operating conditions) as needed to minimize the risk of insulator flashover.
- 2.3 Approve transmission owner maintenance requests in a timely manner, and shall not unreasonably withhold approval of such requests for authorization to perform energized insulator washing work or to take planned Outages needed to replace or insul-grease insulators.
- 2.4 Support UDC investigation of power quality incidents, and provide related data to the UDC in a timely manner.
- 2.5 Support installation of apparatus on the ISO Controlled Grid to improve power quality, and take all reasonable measures to investigate and mitigate power quality concerns caused by actions or events in neighboring systems or Control Areas.
- 2.6 Maintain load power factor at each point of interconnection of the ISO Controlled Grid with the UDC's system as close as possible to unity power factor and pursuant to Section 2.5.3.4 of the ISO Tariff.

SCHEDULE 12
ATTACHMENT 1

UDC GRID VOLTAGE LIMITS

There are no UDC grid voltage limitations at the present time.

SCHEDULE 13

CRITICAL PROTECTIVE SYSTEMS

Distribution protective relay schemes affecting the ISO Controlled Grid are those associated with transformers that would trip transmission breakers and/or busses when activated. These would include any of the following:

1. High Side Overcurrent Relays
2. Differential Overcurrent Relays
3. Sudden Pressure Relays
4. Low Oil Relays
5. Neutral Ground Overcurrent Relays
6. On fuse protected transformers, it would be the high-side fuses.

Following is a brief description of the relaying schemes at the Clearwater and ClearGen Substations, which serve the Clearwater Power Plant Project.

Corona's ClearGen Substation 66 kV breaker is "L1". Clearwater Substation is located at 2205 Railroad Street, Corona. ClearGen Substation is SCE's substation and Corona's interconnection to the SCE grid, located at 1425 Railroad Street, Corona.

L1 is equipped with a SEL 351B, which will be directional when power is flowing to ClearGen, otherwise non-directional. The 351B will perform the sync check so that L1 can only close on live line coming from ClearGen Substation and dead load or generator bus. L1 will not parallel.

The Clearwater Substation includes the main 12 kV switchgear, which includes five 12 kV breakers. The main transformer is a three winding with one primary and two secondaries.

The high voltage portion of the Clearwater Substation begins at the 66 kV studs on top of the transformer leading to a set of 3 PT/CT metering units for relay use, then to the S&C switcher, then to a second set of 3 CT/PTs for building power use and metering, then to a no load isolating switch, and finally to the down 66 kV U.G. cable to SCE's ClearGen Substation where they connect to the SCE 66 kV transmission system.

Following is a brief description of the relaying schemes at the Clearwater Power Plant Project.

2. **Differential Overcurrent Relays:** There are five differential overcurrent relays at the Clearwater Power Plant Project. The first differential relay protects the gas turbine generator. It acts to open the generator main breaker 52-G1, and shut down the gas turbine. The second differential relay protects the steam turbine generator. It acts to open the generator main breaker 52-G2, and shut down the steam turbine. The third differential relay protects the gas turbine generator main bus No. 1. It acts to open the gas turbine breaker 52-G1, 66 kV breaker 52-L1, and feeder breakers 52-01, 52-02, and 52-03. The fourth differential relay protects the main transformer XFMR 0101. It acts to open the 66 kV breaker 52-L1, steam turbine generator breaker 52-G2, and gas turbine main breaker 52-G1.
3. **Sudden Pressure Relays:** There is a sudden pressure relay installed on main transformer XFMR0101 and auxiliary transformer XFMR 0102. The relay on XFMR 0101 acts to trip the 66 kV breaker 52-L1, gas turbine generator breaker 52-G1, and steam turbine generator 520G2. The relay installed on auxiliary transformer XFMR 0102 acts to trip the transformer primary breaker 52-02.
4. **Low Oil Relays:** Low oil level relays are installed on XFMR 0101 and auxiliary transformer XFMR 0102. They provide alarms to the plant control system.
5. **Neutral Ground Overcurrent Relays:** Neutral ground current relays are installed on the main transformer XFMR 0101, gas turbine generator, and the steam turbine generator. The transformer ground current relay acts to open the 66 kV breaker 52-L1, the gas turbine breaker 52-G1, and the steam turbine generator breaker 52-G2. The gas turbine generator ground current relay acts to open the gas turbine generator main breaker 52-G1 and shut down the gas turbine. The steam turbine generator ground current relay acts to open the steam turbine generator main breaker 52-G2 and shut down the steam turbine.

SCHEDULE 14

RIGHTS OF ACCESS TO FACILITIES

14.1 Equipment Installation. In order to give effect to this Operating Agreement, a Party that requires to use particular equipment (the equipment owner) may require installation of such equipment on property owned by the other Party (the property owner), provided that the equipment is necessary to meet the equipment owner's service obligations and that the equipment shall not have a negative impact on the reliability of the service provided, nor prevent the property owner from performing its own obligations or exercising its rights under this Operating Agreement.

14.1.1 Free Access. The property owner shall grant to the equipment owner free of charge reasonable installation rights and rights of access to accommodate equipment inspection, maintenance, repair, upgrading, or removal for the purposes of this Operating Agreement, subject to the property owner's reasonable safety, operational, and future expansion needs.

14.1.2 Notice. The equipment owner shall provide reasonable notice to the property owner when requesting access for site assessment, equipment installation, or other relevant purposes. Such access shall not be provided unless the parties mutually agree to the date, time, and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld or delayed.

14.1.3 Removal of Installed Equipment. Following reasonable notice, the equipment owner shall be required, at its own expense, to remove or relocate equipment, at the request of the property owner, provided that the equipment owner shall not be required to do so if it would have a negative impact on the reliability of the service provided, or be prevented from performing its own obligations or exercising its rights under this Operating Agreement.

14.1.4 Costs. The equipment owner shall repair at its own expense any property damage it causes in exercising its rights and shall reimburse the property owner for any other reasonable costs that it may be required to incur to accommodate the equipment owner's exercise of its rights under this Section 14.1.

14.2 Rights to Assets. The Parties shall not interfere with each other's assets, without prior written agreement.

14.3 Inspection of Facilities. In order to meet their respective obligations under this Operating Agreement, each Party may view or inspect facilities owned by the other Party. Provided that reasonable notice is given, a Party shall not unreasonably deny access to relevant facilities for viewing or inspection by the requesting Party.

14.4 Access During Emergencies. Either Party shall have rights of access, without prior notice, to the other Party's equipment as necessary during times of a System Emergency.

SCHEDULE 15

PENALTIES AND SANCTIONS

[Intentionally left blank, initially, in accordance with Section 11.8]

The information to be contained in this Schedule will be filed when complete following current revisions and development and may thereafter be subject to additional filing due to subsequent revisions as these may be required from time to time.

ATTACHMENT G

**FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426**

DRAFT

_____, 2006

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER05-292-000

Attn: Julia Moore
Counsel for the California Independent
System Operator Corporation
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004

Dear Ms. Moore:

On June 29, 2006, you filed an Offer of Settlement in Docket No. ER05-292-000 on behalf of the California Independent System Operator Corporation. Comments in this proceeding were filed by _____ on _____, 2006. Reply comments were filed by _____ on _____, 2006. On _____, 2006, Judge Karen V. Johnson, settlement judge for the proceeding, certified the Offer of Settlement to the Commission.

The subject Offer of Settlement is in the public interest and is hereby accepted. The Commission's acceptance of this Offer of Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The Commission retains the right to investigate the rates, terms and conditions under the just and reasonable and not unduly discriminatory or preferential standard of Section 206 of the Federal Power Act, 16 U.S.C. § 824e.

By direction of the Commission.

Secretary

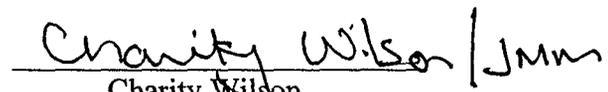
Enclosure

cc: To All Parties

Certificate of Service

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 29th day of June, 2006 at Folsom in the State of California.


Charity Wilson
(916) 608-7147