

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

California Independent System
Operator Corporation
Docket No. ER03-365-000
February 25, 2003

Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Washington, D.C. 20007-5116

Attention: David B. Rubin, Esquire
Attorney for California Independent
System Operator Corporation

Reference: Utility Distribution Company Operating Agreement

Dear Mr. Rubin:

On December 31, 2002, you submitted for filing, on behalf of the California Independent System Operator Corporation (CA ISO), a Utility Distribution Company Operating Agreement (UDC Operating Agreement) with the City of Banning, California (Banning). Waiver of Commission's notice requirements under section 35.11 of the Commission's rules and regulations (18 C.F.R. § 35.11) is granted and the UDC Operating Agreement is accepted for filing, effective January 1, 2003, as requested.

The rate schedule designation is: California Independent System Operator Corporation, Service Agreement No. 458 under FERC Electric Tariff, First Revised Volume No. 1.

The UDC Operating Agreement is designed to establish Interconnection rights and obligations of Banning and CA ISO and to facilitate the reliability and operational control of the CA ISO Controlled Grid with Banning's distribution system. In the instant filing, revisions to the UDC Operating Agreement have been modified to reflect procedures and operations unique to Banning. In addition, CA ISO requests privileged treatment pursuant to Section 388.112 of the Commission's Regulations with regard to portions of the filing. Specifically, privileged treatment is requested for, among others, Banning's underfrequency load shedding plan, manual load shedding procedures, and electrical emergency plan.

This filing was noticed on January 7, 2003, with comments, protests or motions to intervene due on or before January 23, 2003. No protests or adverse comments were

filed. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

This acceptance for filing shall not be construed as constituting approval of the referenced filing or of any rate, charge, classification, or any rule, regulation or practice affecting such rate or service provided for in the filed documents; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation associated therewith; and such acceptance is without prejudice to any findings or orders which have been or any which may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the California Independent System Operator Corporation.

This action is taken pursuant to authority delegated to the Director, Division of Tariffs and Market Development - West under 18 C.F.R. § 375.307. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,

Michael A. Coleman
Director Division of Tariffs and
Market Development - West

cc: All Parties