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September 3, 2009

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

**Re: California Independent System Operator Corporation
Modification of Amendment to Rate Schedule No. 42
Docket No. ER09-1577-____**

Dear Secretary Bose:

On August 12, 2009, the California Independent System Operator Corporation ("ISO") submitted in this proceeding Amendment No. 5 to the Interconnected Control Area Operating Agreement ("ICAOA") between the ISO and the Sacramento Municipal Utility District ("SMUD"). The ISO now submits a mutually agreed-upon modification to that Amendment No. 5.¹

I. Modification to Amendment No. 5

As filed on August 12, Amendment No. 5 included revisions to Section ICAA 7.6 of the ICAOA to reflect a modification that had been made, in the California-Oregon Intertie ("COI") Control Area Operating Agreement between the ISO and SMUD, to the percentage obligations of the ISO and SMUD for power flow reduction measures that may be required by the path operator for the COI and any sanctions that may be imposed on the path operator for the COI for operation of the COI. Subsequently, the ISO and SMUD agreed that each of the percentages reflected in amended Section ICAA 7.6 should be adjusted by a

¹ This filing is submitted pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d.

single percentage point.² The ISO now modifies Section ICAA 7.6 to make those changes.³

II. Effective Date and Request for Waiver to the Extent Necessary

In its August 12 filing, the ISO requested that Amendment No. 5 be made effective as of October 12, 2009, sixty-one days following the submittal of the August 12 filing. In the instant filing, the ISO likewise requests an effective date of October 12 for Amendment No. 5 as modified by this filing. In order to permit the October 12 effective date, the ISO respectfully requests waiver of the Commission's regulations to the extent necessary.⁴ Granting the waiver requested herein will allow modified Amendment No. 5 to go into effect on the date contemplated by the parties, and will not result in harm to any party. Granting the requested waiver, therefore, is appropriate.

III. Service and Contents of Filing

As was the case with the August 12 filing, copies of the instant filing have been served on SMUD, the California Public Utilities Commission, and all entities that are on the official service lists for the docket in which the ISO filed the original ICAOA with SMUD, Docket No. ER02-1641, and for the dockets in which the ISO filed the first four amendments to that ICAOA, Docket Nos. ER03-1155, ER05-149, ER05-1520, and ER05-1533. In addition, the filing has been served on all parties to this proceeding and posted on the ISO's website.

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

- (1) this letter of transmittal;
- (2) an e-mail from SMUD indicating SMUD's agreement to the modification contained in the instant filing (Attachment A);
- (3) the rate schedule sheet in the ICAOA that is modified by the instant filing (Attachment B); and
- (4) revisions to the ICAOA incorporating the changes contained in Attachment B hereto, shown in black-line format (Attachment C).

² SMUD's agreement to this adjustment is reflected in the e-mail provided in Attachment A hereto.

³ The modification described above is also reflected in a modification to Amendment No. 1 to the COI agreement, which modification is being filed in Docket No. ER09-1578 on the same date as the instant filing.

⁴ Specifically, the ISO requests waiver, pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), of Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3), in order to permit the requested October 12 effective date.

The Honorable Kimberly D. Bose
September 3, 2009
Page 3

Also enclosed are two additional copies of this filing to be date-stamped and returned to our messenger. Please contact the undersigned with any questions.

Respectfully submitted,



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Attorneys for the California Independent System Operator Corporation

Attachment A – E-mail from SMUD
September 3, 2009
Amendment No. 5
Interconnected Control Area Operating Agreement
Between
California Independent System Operator
And
Sacramento Municipal Utility District

From: Kasarjian, Vicken [vkasarj@smud.org]
Sent: Monday, August 31, 2009 9:05 PM
To: Buckingham, Dick
Subject: FW: COI OTC Mitigation % Update

-----Original Message-----

From: Jim Shetler
Sent: Monday, August 31, 2009 5:17 PM
To: jdetmers@caiso.com
Cc: Vicken Kasarjian
Subject: COI OTC Mitigation % Update

Jim,

As SMUD staff has discussed with ISO staff, we have determined that the COI OTC Mitigation amount included in the recent filings of Amendment #5 to the SMUD-Inter Control Area Operating Agreement and Amendment #1 to the COI Control Area Operating Agreement should be revised. The filings used a COI OTC Mitigation percentage of 23% to the SMUD Balancing Authority and 77% CAISO Balancing Authority. The revised COI OTC Mitigation percentages should be updated to be 24% to the SMUD Balancing Authority and 76% to the CAISO Balancing Authority. SMUD concurs with the ISO submitting an update to these amounts in its recent filings at the FERC.

Jim Shetler
AGM, Energy Supply
SMUD
6201 S Street
Sacramento, CA 95817

9/3/2009

Attachment B – Clean Sheets
September 3, 2009
Amendment No. 5
Interconnected Control Area Operating Agreement
Between
California Independent System Operator
And
Sacramento Municipal Utility District

These obligations (76% ISO, 24% SMUD as of the effective date of Amendment No. 5 to this Operating Agreement) are established and quantified in the operating procedures pursuant to the California-Oregon Intertie Path Operator Agreement. The Expanded SMUD Control Area and the ISO Control Area shall provide the total Energy or the total curtailment (in the event that the COI Power Flow Reduction Measures allow) necessary to implement COI Power Flow Reduction Measures as determined by the Path Operator of COI and implemented by means of automatic adjustment signal.

ICAA 8 LIABILITY

ICAA 8.1 Uncontrollable Forces

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

Attachment C – Blacklines
September 3, 2009
Amendment No. 5
Interconnected Control Area Operating Agreement
Between
California Independent System Operator
And
Sacramento Municipal Utility District

* * *

ICAA 7.6

Co-Mitigation of California-Oregon Intertie Derates

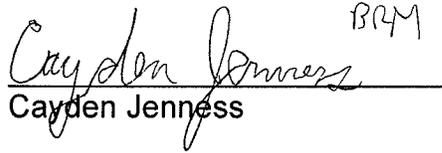
The ISO and SMUD as Control Area operators will implement the COI Power Flow Reduction Measures, as directed by the Path Operator of COI. These obligations (77~~6~~⁶% ISO, 23~~4~~⁴% SMUD as of the effective date of Amendment No. 5 to this Operating Agreement) are established and quantified in the operating procedures pursuant to the California-Oregon Intertie Path Operator Agreement. The Expanded SMUD Control Area and the ISO Control Area shall provide the total Energy or the total curtailment (in the event that the COI Power Flow Reduction Measures allow) necessary to implement COI Power Flow Reduction Measures as determined by the Path Operator of COI and implemented by means of automatic adjustment signal.

* * *

CERTIFICATE OF SERVICE

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

Dated at Folsom, California on this 3rd day of September, 2009.


Cayden Jenness

BRM