

March 30, 2005

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Compliance Filing
Docket No. ER05-407-001**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")¹ respectfully submits six copies of the present filing in compliance with the Commission's February 28, 2005 order in Docket Nos. ER05-405-000 and ER05-407-000 (not consolidated), 110 FERC ¶ 61,196 ("February 28 Order"), concerning the "Turlock Irrigation District Interim Operations Agreement" (Docket No. ER05-405) and the "Modesto Irrigation District Operations Agreement" (Docket No. ER05-407) ("MID Agreement," between the ISO and Modesto Irrigation District ("MID")).

In the February 28 Order, the Commission, in response to a clarification of the MID Agreement proposed by the ISO and MID, directed the ISO to insert specified phrases on Sheet Nos. 2 and 8 of the MID Agreement. February 28 Order at P 23 and ordering paragraph (C).² The ISO has modified those sheets in the MID Agreement accordingly.

¹ Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A., as filed August 15, 1997, and subsequently revised.

² The Commission directed the ISO to insert at the end of paragraph "(2)" of Sheet No. 2 the following phrase: "hereinafter, sometimes referred to collectively as 'Parties' and individually as a 'Party.'" February 28 Order at P 23. The Commission also directed the ISO to insert on Sheet No. 8, after the word "behalf" in Section 4.4, the following phrase: "consistent with PG&E's obligations under the Responsible Participating Transmission Owner Agreement executed between the ISO and PG&E." *Id.*

The Commission also directed the ISO to modify Section 4.4 of the MID Agreement to eliminate the requirement that Pacific Gas and Electric Company ("PG&E") provide information to the ISO regarding removing and restoring facilities to service, to the extent PG&E is required to provide that information under PG&E's Interconnection Agreement with MID. February 28 Order at P 35 and ordering paragraph (D). The ISO has so modified Section 4.4 of the MID Agreement by specifically referencing the PG&E Interconnection Agreement and Responsible Participating Transmission Owner Agreement.

The changes to the MID Agreement described above are shown in the revised sheets provided in Attachment A to the present filing, and are shown in black-line format in Attachment B. Additionally, the ISO submits, in Attachment C, a form notice of filing suitable for publication in the Federal Register, along with a computer diskette containing the notice of filing.

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are questions concerning this filing, please contact the undersigned.

Respectfully submitted,

Charles F. Robinson
General Counsel
Anthony J. Ivancovich
Associate General Counsel
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7296


J. Phillip Jordan
Bradley R. Miliauskas
Swidler Berlin LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Tel: (202) 424-7516
Fax: (202) 424-7643

ATTACHMENT A

Operations Agreement

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

(1) **Modesto Irrigation District ("MID")** is organized and operated under the laws of the State of California and undertakes both electric and irrigation operations at its principal executive office at 1231 Eleventh Street, Modesto, California 95354;

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 (the "ISO"), hereinafter, sometimes referred to collectively as "Parties" and individually as a "Party."

Whereas:

- A. MID is interconnected with the transmission facilities of the Pacific Gas and Electric Company ("PG&E") and operates under the Interconnection Agreement Between PG&E and MID, Federal Energy Regulatory Commission ("FERC") Rate Schedule 116 ("PG&E IA").
- B. PG&E has executed the Transmission Control Agreement ("TCA"), thereby turning over Operational Control of its transmission facilities to the ISO.
- C. MID and the Turlock Irrigation District ("TID") transmission systems are also interconnected with the transmission facilities of the Western Area Power Administration - Sierra Nevada Region ("Western") and as of January 1, 2005, Western will operate within the Sacramento Municipal Utility District's ("SMUD") Control Area.
- D. MID's Electric System will remain within the ISO Control Area.
- E. MID and the ISO desire to establish the operational and settlement requirement under which MID and the ISO will coordinate and exchange information on schedules for MID's transactions with the SMUD Control Area, for Schedules that do not use the ISO Controlled Grid.
- F. This Agreement does not allow MID to schedule transactions over ISO Controlled Grid facilities,; all transactions by MID that use the ISO Controlled Grid are in accordance with the ISO Tariff.
- G. The ISO and SMUD have executed the Interconnected Control Area Operating Agreement Incorporating Amendment No. 2 ("ICAOA").

- 4.1.2 Western Transactions.** MID shall schedule and the ISO will support all Western preference power transactions from the SMUD Control Area to MID Demand using MID's transmission facilities.
- 4.1.3 SMUD Control Area Transactions.** MID shall schedule and the ISO will support all Energy and Ancillary Service transactions from the SMUD Control Area to MID Demand using MID's transmission facilities.
- 4.2 Emergencies.** The ISO shall in the event of, and for the duration of, a System Emergency or as a result of Uncontrollable Force, take such immediate action in accordance with Good Utility Practice as the ISO determines necessary to mitigate or eliminate the System Emergency or Uncontrollable Force. Such action may include or result in, without limitation, curtailments in accordance with Section 11 of the OCOA or in accordance with Section 5.6 of the ISO Tariff, and directing the operation of System and MID facilities in a manner that is reasonable and practical under the circumstances.
- 4.3 Voltage Control and Reactive Support.** MID or its operating agent shall make available the necessary status and telemetry information to the ISO and shall, to the extent that such directions do not conflict with the requirements of the PG&E IA, operate under the direction of the ISO the associated voltage control and reactive facilities on its portion of MID's Electric System to meet voltage control standards under Applicable Requirements and the ISO Tariff. The ISO shall coordinate and direct the use of the available voltage control and reactive support devices to maintain the reliable operation of the COTP, the MID Electric System and the ISO Control Area in accordance with Good Utility Practice.
- 4.4 Coordination of Operations:** MID will act in coordination with PG&E, in accordance with the all operational requirements of the PG&E IA, including outage coordination, Load shedding and Load restoration. PG&E, on MID's behalf consistent with PG&E's obligations under the PG&E IA and the Responsible Participating Transmission Owner Agreement executed between the ISO and PG&E, shall provide information to the ISO regarding removing from service, and following an outage restoring to service, all or part of MID's facilities, under the Outage Coordination Protocol of the ISO Tariff

5. RELIABILITY MANAGEMENT SYSTEM

- 5.1 Purpose.** In order to maintain the reliable operation of the transmission grid, the WECC Reliability Management System Agreement provides for commitment by transmission operators to comply with WECC standards that result in the reliable operation of the western interconnection and the WECC Reliability Criteria

ATTACHMENT B

Operations Agreement

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

- (1) **Modesto Irrigation District** ("MID") is organized and operated under the laws of the State of California and undertakes both electric and irrigation operations at its principal executive office at 1231 Eleventh Street, Modesto, California 95354;

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 (the "ISO"), hereinafter, sometimes referred to collectively as "Parties" and individually as a "Party."

* * *

- 4.4 Coordination of Operations:** MID will act in coordination with PG&E, in accordance with the all operational requirements of the PG&E IA, including outage coordination, Load shedding and Load restoration. PG&E, on MID's behalf consistent with PG&E's obligations under the PG&E IA and the Responsible Participating Transmission Owner Agreement executed between the ISO and PG&E, shall provide information to the ISO regarding removing from service, and following an outage restoring to service, all or part of MID's facilities, under the Outage Coordination Protocol of the ISO Tariff.

ATTACHMENT C

