

ORIGINAL

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SECRETARY
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March 30, 2006

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

**Re: California Independent System Operator Corporation
Docket No. ER06-817-000**

Dear Secretary Salas:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, the California Independent System Operator Corporation ("ISO")¹ submits for Commission filing and acceptance the enclosed Amendment No. 2 ("Amendment") to the letter agreement between the ISO and the Bonneville Power Administration Transmission Business Line ("BPAT") ("Letter Agreement") regarding BPAT's role as an intermediary Control Area for dynamic scheduling from the British Columbia Transmission Corporation (BCTC) Control Area to the ISO Control Area. The Amendment is intended to modify the existing Letter Agreement, which will expire by its own terms on April 1, 2006, to extend that termination until such time that the Letter Agreement is superseded by the terms of a comprehensive agreement between the parties regarding dynamic scheduling and such agreement is made effective by the Commission. The ISO requests an effective date of April 1, 2006 for the enclosed Amendment to the Letter Agreement.

I. Description of the Letter Agreement

The Letter Agreement was filed in Docket No. ER05-785-000 on April 6, 2005. It was accepted by the Commission in *California Independent System*

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

The Honorable Magalie Roman Salas

March 30, 2006

Page 2

Operator Corporation, 111 FERC ¶ 61,357, at P 15 (2005), effective April 8, 2005, and was designated as Non-Conforming Service Agreement No. 600. On September 30, 2005, the ISO filed Amendment No. 1 to the Letter Agreement in Docket No. ER05-1521-000 to extend the termination date, which amendment was accepted by the Commission by letter order issued on November 4, 2005. The Letter Agreement is applicable to BPAT as the operator of an intermediary Control Area through which the dynamic signal from resources outside the ISO Control Area that wish to schedule dynamic imports of Energy, Supplemental Energy, and Energy associated with non-Regulation Ancillary Services (Spinning Reserve and Non-Spinning Reserve) into the ISO Control Area must pass. The Letter Agreement provides the framework of operating requirements for BPAT's role as an intermediary Control Area in facilitating the dynamic scheduling functionality and requires BPAT to comply with the ISO Dynamic Scheduling Protocol ("DSP"). The DSP covers several important operating and scheduling provisions that are derived primarily from applicable North American Electric Reliability Council policies and Western Electricity Coordinating Council requirements.

The Letter Agreement satisfies the provisions of Section 4.5.4.3 of the ISO Tariff. Section 4.5.4.3 requires an affected intermediary Control Area to execute a special operating agreement with the ISO related to the operation of any dynamic functionality that it supports.

The Amendment to the Letter Agreement modifies Section 1 of the Letter Agreement to provide that the Letter Agreement is extended beyond April 1, 2006 until such time that the Letter Agreement is superseded by a comprehensive agreement regarding dynamic scheduling and such agreement is made effective by the Commission. In addition, in the course of preparing the filing of the Amendment, the ISO has discovered that it filed an inaccurate version of the "conformed" and "black-lined" versions of the Letter Agreement with its filing of Amendment No. 1 to the Letter Agreement. The ISO also has attached revised "conformed" and "black-lined" versions of the Letter Agreement that correct the minor errors and omissions in the "conformed" version of the Letter Agreement the ISO filed previously.

II. Request for Waiver

The ISO respectfully requests a waiver of the Commission's 60-day prior notice requirement, pursuant to Section 35.11 of the Commission's regulations, 18 C.F.R. § 35.11, to allow the enclosed materials to become effective April 1, 2006. This effective date is necessary in order to permit BPAT to continue in its role as an intermediary Control Area for dynamic scheduling to the ISO Control Area. Granting the requested waiver, therefore, is appropriate.

The Honorable Magalie Roman Salas

March 30, 2006

Page 3

III. Expenses

No expense or cost associated with this filing has been alleged or judged in any judicial or administrative proceeding to be illegal, duplicative, unnecessary, or demonstratively the product of discriminatory employment practices.

IV. Service

Copies of this filing have been served upon BPAT, the California Public Utilities Commission, the California Electricity Oversight Board, and all entities on the service lists for Docket Nos. ER05-785 and ER05-1521. In addition, the filing has been posted on the ISO's website.

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

- (1) this letter of transmittal;
- (2) the executed Amendment to the Letter Agreement (Attachment A);
- (3) the amended Letter Agreement, provided in a format that complies with Order No. 614, *Designation of Electric Rate Schedule Sheets*, FERC Stats and Regs. ¶ 31,096 (2000) (Attachment B); and
- (4) a black-lined document showing the changes to the Letter Agreement contained in the Amendment, plus the additional changes (highlighted with shading) to show the corrections of the minor errors and omissions in the "conformed" version of the Letter Agreement the ISO filed previously (Attachment C).

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

The Honorable Magalie Roman Salas
March 30, 2006
Page 4

V. Correspondence

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


John Anders*
Senior Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7222

Bradley R. Miliauskas*
Alston & Bird LLP
601 Pennsylvania Avenue, NW
North Building, 10th Floor
Washington, DC 20004-2601
Tel: 202-756-3300
Fax: 202-756-3333

* Individuals designated for service pursuant to 18 C.F.R. § 203(b)(3).

Respectfully submitted,

Charles F. Robinson
General Counsel
John Anders
Senior Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630


Kenneth G. Jaffe
Bradley R. Miliauskas
Alston & Bird LLP
601 Pennsylvania Avenue, NW
North Building, 10th Floor
Washington, DC 20004-2601

Attorneys for the California Independent
System Operator Corporation

ATTACHMENT A



Department of Energy

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

TRANSMISSION BUSINESS LINE

March 22, 2006

In reply refer to: TM/OPP-2

Mr. Jim Detmers, Vice President, Operations
California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Letter Agreement No. 05TX-11944
Amendment No. 2

Dear Mr. Detmers:

The Bonneville Power Administration Transmission Business Line (BPAT) is a control area operator in the northwestern United States that provides transmission service across the Federal Columbia River Transmission System (FCRTS). The California Independent System Operator Corporation (CAISO), the control area operator for its area, entered into a letter agreement with BPAT, Letter Agreement No. 05TX-11944 (Letter Agreement) to facilitate the receipt of dynamic schedules from external control area(s) that requires the participation of BPAT as an intermediary control area.

This Amendment to the Letter Agreement (Amendment) serves to amend Section 1 (Term of Agreement) of the Letter Agreement and shall take effect on April 1, 2006.

BPAT and CAISO (jointly referred to as the "Parties" and individually as "Party") agree that Section 1 of the Letter Agreement shall be amended to read as follows:

"1. Term of Agreement

This Agreement shall be effective on April 1, 2005, or the date made effective by the Federal Energy Regulatory Commission (FERC) and shall continue in effect until such time at which CAISO's ability to use BPAT as an intermediary control area for the receipt of dynamic schedules is terminated in writing by either party with 30 days notice or until such time that this Agreement is superseded by the terms of a comprehensive agreement between the Parties covering dynamic scheduling and such agreement is made effective by the FERC. Nothing in this Agreement shall prevent a Party from selectively discontinuing its support for a particular dynamic scheduling functionality or transaction, should the Party determine that the particular functionality or transaction is not compliant with the Party's technical standards identified in Section 2 of this Agreement.

Performance by the Parties under this Agreement is contingent on the effectiveness of: a dynamic scheduling agreement between BPAT and British Columbia Transmission Corporation (BCTC), Contract No. 05TX-11896, and

BPAT and Powerex Corp, Contract No. 05TX-11897; and a dynamic scheduling agreement between CAISO and Powerex Corp and a host control area agreement between CAISO and BCTC."

Except as expressly modified in this Amendment, the Letter Agreement shall remain in full force and effect in accordance with its terms, and the unmodified provisions of the Letter Agreement shall apply to any new rights and/or obligations established by this Amendment.

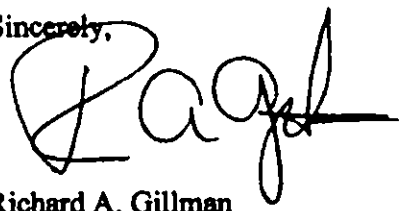
If the foregoing terms and conditions are acceptable to CAISO, please sign the three enclosed originals, retain two signed originals for your files and return one signed original to my attention at either of the following addresses:

First Class Mail
Bonneville Power Administration
Mail Stop: TM/OPP-2
P.O. Box 61409
Vancouver, WA 98666-1409

Overnight Delivery Service
Bonneville Power Administration
Mail Stop: TM/OPP-2
7500 NE 41st Street, Suite 130
Vancouver, WA 98662-7905

If you have questions, please call me at (360) 619-6010.

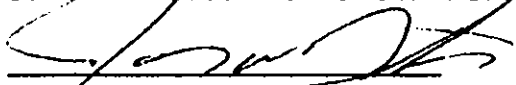
Sincerely,



Richard A. Gillman
Transmission Account Executive
Transmission Marketing and Sales

ACCEPTED:

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

By 

Name JAMES W. DETMER
(Print/Type)

Title VP OPERATIONS

Date 3/24/06

ATTACHMENT B

California Independent System Operator
FERC Electric Tariff, First Revised Volume No. 1

Second Revised Service Agreement No. 600

**LETTER AGREEMENT (DYNAMIC SCHEDULING) BETWEEN THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION AND
BONNEVILLE POWER ADMINISTRATION TRANSMISSION BUSINESS LINE**

Issued by: Charles F. Robinson, Vice President
Issued on: March 30, 2006

Effective Date: April 1, 2006



Department of Energy

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

TRANSMISSION BUSINESS LINE

March 22, 2006

In reply refer to: TM/OPP-2

Mr. Jim Detmers, Vice President, Operations
California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Letter Agreement No. 05TX-11944
Amendment No. 2

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The Bonneville Power Administration Transmission Business Line (BPAT) is a control area operator in the northwestern United States that provides transmission service across the Federal Columbia River Transmission System (FCRTS). The California Independent System Operator Corporation (CAISO), the control area operator for its area, entered into a letter agreement with BPAT, Letter Agreement No. 05TX-11944 (Letter Agreement) to facilitate the receipt of dynamic schedules from external control area(s) that requires the participation of BPAT as an intermediary control area.

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This Agreement shall be effective on April 1, 2005, or the date made effective by the Federal Energy Regulatory Commission (FERC) and shall continue in effect until such time at which CAISO's ability to use BPAT as an intermediary control area for the receipt of dynamic schedules is terminated in writing by either party with 30 days notice or until such time that this Agreement is superseded by the terms of a comprehensive agreement between the Parties covering dynamic scheduling and such agreement is made effective by the FERC. Nothing in this Agreement shall prevent a Party from selectively discontinuing its support for a particular dynamic scheduling functionality or transaction, should the Party determine that the particular functionality or transaction is not compliant with the Party's technical standards identified in Section 2 of this Agreement.

Performance by the Parties under this Agreement is contingent on the effectiveness of: a dynamic scheduling agreement between BPAT and British Columbia Transmission Corporation (BCTC), Contract No. 05TX-11896, and

BPAT and Powerex Corp, Contract No. 05TX-11897; and a dynamic scheduling agreement between CAISO and Powerex Corp and a host control area agreement between CAISO and BCTC."

Except as expressly modified in this Amendment, the Letter Agreement shall remain in full force and effect in accordance with its terms, and the unmodified provisions of the Letter Agreement shall apply to any new rights and/or obligations established by this Amendment.

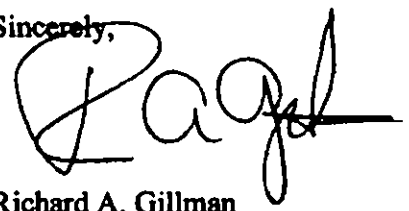
If the foregoing terms and conditions are acceptable to CAISO, please sign the three enclosed originals, retain two signed originals for your files and return one signed original to my attention at either of the following addresses:

First Class Mail
Bonneville Power Administration
Mail Stop: TM/OPP-2
P.O. Box 61409
Vancouver, WA 98666-1409

Overnight Delivery Service
Bonneville Power Administration
Mail Stop: TM/OPP-2
7500 NE 41st Street, Suite 130
Vancouver, WA 98662-7905

If you have questions, please call me at (360) 619-6010.

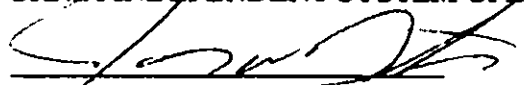
Sincerely,



Richard A. Gillman
Transmission Account Executive
Transmission Marketing and Sales

ACCEPTED:

~~CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION~~

By 

Name JAMES W. DEMERS
(Print/Type)

Title VP OPERATIONS

Date 3/24/06

1. TERM OF AGREEMENT

This Agreement shall be effective on April 1, 2005, or the date made effective by the Federal Energy Regulatory Commission (FERC) and shall continue in effect until such time at which CAISO's ability to use BPAT as an intermediary control area for the receipt of dynamic schedules is terminated in writing by either party with 30 days notice or until such time that this Agreement is superseded by the terms of a comprehensive agreement between the Parties covering dynamic scheduling and such agreement is made effective by FERC. Nothing in this Agreement shall prevent a Party from selectively discontinuing its support for a particular dynamic scheduling functionality or transaction, should the Party determine that the particular functionality or transaction is not compliant with the Party's technical standards identified in Section 2 of this Agreement.

Performance by the Parties under this Agreement is contingent on the effectiveness of: a dynamic scheduling agreement between BPAT and British Columbia Transmission Corporation (BCTC), Contract No. 05TX-11896, and BPAT and Powerex Corp., Contract No. 05TX-11897; and a dynamic scheduling agreement between CAISO and Powerex Corp. and a host control area agreement between CAISO and BCTC.

2. DYNAMIC SCHEDULING PROCEDURES

BPAT's existing Dynamic Schedules Business Practice, and as it may be replaced or revised from time to time, is incorporated by reference into this Agreement, and only to the extent its provisions are applicable to CAISO as the Control Area operator, and sets forth the criteria and requirements for CAISO as a control area to facilitate dynamic scheduling with BPAT.

The Dynamic Schedules Business Practice is posted on the BPA transmission business line website under Business Practices. Additional terms necessary to address equipment limitations or to facilitate scheduling may be agreed to in writing by BPA and CAISO.

The CAISO's "Dynamic Scheduling Protocol" as it may be replaced or revised from time to time, is incorporated by reference into this Agreement, and only to the extent such provisions are applicable to BPAT as the intermediary control area operator, and set forth the criteria and requirements for BPAT as an intermediary control area to facilitate dynamic scheduling with CAISO.

The CAISO's "Dynamic Scheduling Protocol" is posted on the CAISO internet web site at: <http://www.aiso.com/docs/09003a6080/33/5b/09003a6080335b3f.pdf>.

In the event of conflicts or inconsistencies between BPAT's Dynamic Schedules Business Practice and CAISO's Dynamic Scheduling Protocol (together referred to as "Standards"), the Parties agree to work in good faith to resolve them in a manner consistent with the Standards and consistent with the intent of this Agreement to facilitate dynamic scheduling between their respective control areas.

Notwithstanding the foregoing, the provisions of Section DSP 6.2 of the CAISO's Dynamic Scheduling Protocol requiring a conforming change in the associated e-tag if there is a change in magnitude of the dynamic schedule by 25 percent or more, or 25 MW, whichever is less, including all such dynamic schedule changes occurring within the applicable operating hour, shall not be applicable.

3. EXCHANGE OF INFORMATION

The Parties agree to share, both between the Parties and with other control areas, whatever information is necessary to facilitate dynamic scheduling under this Agreement. The Parties also agree to exchange information related to control signals issued and telemetry received with respect to the delivery of regulation service: (1) at the request of the other Party for purposes of after-the-fact interchange accounting; or (2) on demand for any other purpose.

4. LIABILITY

a. 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 as that term is defined by FERC in its "Supplement to Policy Statement on Matters Related to Bulk Power System Reliability" issued February 9, 2005, in Docket No. PL04-5-001.

Neither Party will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force requiring the Party to suspend performance of its obligations. Each Party shall each use its best efforts to mitigate the effects of an Uncontrollable Force, remedy its inability to perform and resume full performance of its obligations hereunder in a timely manner.

b. Liability To Third Parties

Except as otherwise expressly provided herein, nothing in this Agreement shall be construed or deemed to confer any right or benefit on, or to create any duty to, or standard of care with reference to any third party, or any liability or obligation, contractual or otherwise, on the part of either Party.

c. Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other, shall be no greater than as explicitly

stated herein. Neither Party, its directors, officers, employees or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge or expense, whether direct, indirect, or consequential, arising from the Party's performance or nonperformance under this Agreement, except for a Party's gross negligence or willful misconduct subject to applicable law.

d. Liability For Electric Disturbance and Interruptions

The Parties shall plan, operate and maintain their respective systems, consistent with Good Utility Practice, to minimize or avoid electric disturbances that may interfere with the system of the other Party. The limits of responsibility for the Parties shall each be for protecting its respective system from possible damage by reason of electric disturbance or faults caused by the operation, faulty operation or non-operation of its facilities.

Neither Party shall be liable to the other Party for any claim, demand, liability, loss or damage, whether direct, indirect, or consequential, incurred by the Parties or their respective customers, which results from the separation of the systems in an emergency or interruption.

5. SPECIAL PROVISIONS

Either Party may (as provided in BPA's and the CAISO's tariffs, applicable service agreements, BPAT's Dynamic Scheduling Business practice, the CAISO's Dynamic Scheduling Protocol and Good Utility Practice) curtail, reduce or cut dynamic schedules if such Party determines such action is necessary or desirable in case of system emergencies or operational constraints to preserve system reliability or protect against death, injury, loss or damage to property.

6. 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 constitute or be deemed a waiver with respect to any subsequent default or 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.

7. GOVERNING LAW

Subject to Section 8 of this Agreement, this Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with federal law. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in any of the following forums, as appropriate: any federal court of the United States of America located in the States of Oregon or California or, where subject to its jurisdiction, before the FERC. No provision of this Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Agreement, or any action or proceeding arising under or relating to this Agreement, is subject to the jurisdiction of the FERC.

8. CONSISTENCY WITH FEDERAL LAWS AND REGULATIONS

Nothing in this 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 there under. If any provision of this 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 any provision of this Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated there under; provided, however, that such person or federal entity shall use its best efforts to comply with this Agreement to the extent that applicable federal laws, regulations, and orders lawfully promulgated there under permit it to do so.

9. 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.

10. WECC/NERC POLICIES AND STANDARDS

The Parties shall plan, operate, and maintain or cause to be maintained, their respective systems, consistent with Good Utility Practice. Each Party agrees that it will comply with all Western Electricity Coordinating Council (WECC) and NERC standards and policies applicable to dynamic scheduling while this Agreement is in effect, except as otherwise agreed to by the Parties in writing, or unless the Party determines in good faith that compliance with such standards and policies would cause it to violate or improperly implement an applicable law, regulation, rule, tariff, FERC license provisions or other legal obligation, or would conflict with any non-power requirement applicable to the Party (including without limitation any obligation under environmental laws, regulations, court and administrative decisions or biological opinions).

ATTACHMENT C

1. TERM OF AGREEMENT

This Agreement shall be effective ~~the latter of~~ on April 18, 2005, or the date made effective by the Federal Energy Regulatory Commission (FERC) ~~and. Unless otherwise extended by mutual agreement, this Agreement shall terminate on 0000 hours April 1, 2006.~~ Prior to April 1, 2006, this Agreement shall continue in effect until such time at which CAISO's ability to use BPAT as an intermediary control area for the receipt of dynamic schedules is terminated in writing by either party with 30 days' notice or until such time that this Agreement is superseded by the terms of a comprehensive agreement between the Parties covering dynamic scheduling and such agreement is made effective by FERC. Nothing in this Agreement shall prevent a Party from selectively discontinuing its support for a particular dynamic scheduling functionality or transaction, should the Party determine that the particular functionality or transaction is not compliant with the Party's technical standards identified in Section 2 of this Agreement.

Performance by the Parties under this Agreement is contingent on the effectiveness of: a dynamic scheduling agreement between BPAT and British Columbia Transmission Corporation (BCTC), Contract No. 05TX-11896, and BPAT and Powerex Corp., Contract No. 05TX-11897; and a dynamic scheduling agreement between CAISO and Powerex Corp. and a host control area agreement between CAISO and BCTC.

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BPAT's existing Dynamic Schedules Business Practice, and as it may be replaced or revised from time to time, is incorporated by reference into this Agreement, and only to the extent its provisions are applicable to CAISO as the Control Area operator, and sets forth the criteria and requirements for CAISO as a control area to facilitate dynamic scheduling with BPAT.

The Dynamic Schedules Business Practice is posted on the BPA transmission business line website under Business Practices. Additional terms necessary to address equipment limitations or to facilitate scheduling may be agreed to in writing by BPA and CAISO.

The CAISO's "Dynamic Scheduling Protocol" as it may be replaced or revised from time to time, is incorporated by reference into this Agreement, and only to the extent such provisions are applicable to BPAT as the intermediary control area operator, and set forth the criteria and requirements for BPAT as an intermediary control area to facilitate dynamic scheduling with CAISO.

The CAISO's "Dynamic Scheduling Protocol" is posted on the CAISO internet web site at: <http://www.caiso.com/docs/09003a6080/33/5b/09003a6080335b3f.pdf>.

In the event of conflicts or inconsistencies between BPAT's Dynamic Schedules Business Practice and CAISO's Dynamic Scheduling Protocol (together referred to as "Standards"), the Parties agree to work in good faith to resolve them in a manner consistent with the Standards and consistent with the intent of this Agreement to facilitate dynamic scheduling between their respective control areas.

Notwithstanding the foregoing, the provisions of Section DSP 6.2 of the CAISO's Dynamic Scheduling Protocol requiring a conforming change in the associated e-tag if there is a change in magnitude of the dynamic schedule by 25 percent or more, or 25 MW, whichever is less, including all such dynamic schedule changes occurring within the applicable operating hour, shall not be applicable.

3. EXCHANGE OF INFORMATION

The Parties agree to share, both between the Parties and with other control areas, whatever information is necessary to facilitate dynamic scheduling under this Agreement. The Parties also agree to exchange information related to control signals issued and telemetry received with respect to the delivery of regulation service: (1) at the request of the other Party for purposes of after-the-fact interchange accounting; or (2) on demand for any other purpose.

4. LIABILITY

a. 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 as that term is defined by FERC in its "Supplement to Policy Statement on Matters Related to Bulk Power System Reliability" issued February 9, 2005, in Docket No. PL04-5-001.

Neither Party will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force requiring the Party to suspend performance of its obligations. Each Party shall each use its best efforts to mitigate the effects of an Uncontrollable Force, remedy its inability to perform and resume full performance of its obligations hereunder in a timely manner.

b. Liability To Third Parties

Except as otherwise expressly provided herein, nothing in this Agreement shall be construed or deemed to confer any right or benefit on, or to create any duty to, or standard of care with reference to any third party, or any liability or obligation, contractual or otherwise, on the part of either Party.

c. Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other, shall be no greater than as explicitly

stated herein. Neither Party, its directors, officers, employees or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge or expense, whether direct, indirect, or consequential, arising from the Party's performance or nonperformance under this Agreement, except for a Party's gross negligence or willful misconduct subject to applicable law.

d. Liability For Electric Disturbance and Interruptions

The Parties shall plan, operate and maintain their respective systems, consistent with Good Utility Practice, to minimize or avoid electric disturbances that may interfere with the system of the other Party. The limits of responsibility for the Parties shall each be for protecting its respective system from possible damage by reason of electric disturbance or faults caused by the operation, faulty operation or non-operation of its facilities.

Neither Party shall be liable to the other Party for any claim, demand, liability, loss or damage, whether direct, indirect, or consequential, incurred by the Parties or their respective customers, which results from the separation of the systems in an emergency or interruption.

5. SPECIAL PROVISIONS

Either Party may (as provided in BPA's and the CAISO's tariffs, applicable service agreements, BPAT's Dynamic Scheduling Business practice, the CAISO's Dynamic Scheduling Protocol and Good Utility Practice) curtail, reduce or cut dynamic schedules if such Party determines such action is necessary or desirable in case of system emergencies or operational constraints to preserve system reliability or protect against death, injury, loss or damage to property.

6. 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 constitute or be deemed a waiver with respect to any subsequent default or 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.

7. GOVERNING LAW

Subject to Section 8 of this Agreement, this Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with federal law. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in any of the following forums, as appropriate: any federal court of the United States of America located in the States of Oregon or California or, where subject to its jurisdiction, before the ~~Federal Energy Regulatory Commission~~ FERC. No provision of this Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Agreement, or any action or proceeding arising under or relating to this Agreement, is subject to the jurisdiction of the ~~Federal Energy Regulatory Commission~~ FERC.

8. CONSISTENCY WITH FEDERAL LAWS AND REGULATIONS

Nothing in this 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 there under. If any provision of this 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 any provision of this Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated there under; provided, however, that such person or federal entity shall use its best efforts to comply with this Agreement to the extent that applicable federal laws, regulations, and orders lawfully promulgated there under permit it to do so.

9. 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.

10. WECC/NERC POLICIES AND STANDARDS

The Parties shall plan, operate, and maintain or cause to be maintained, their respective systems, consistent with Good Utility Practice. Each Party agrees that it will comply with all Western Electricity Coordinating Council (WECC) and NERC standards and policies applicable to dynamic scheduling while this Agreement is in effect, except as otherwise agreed to by the Parties in writing, or unless the Party determines in good faith that compliance with such standards and policies would cause it to violate or improperly implement an applicable law, regulation, rule, tariff, FERC license provisions or other legal obligation, or would conflict with any non-power requirement applicable to the Party (including without limitation any obligation under environmental laws, regulations, court and administrative decisions or biological opinions).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents as described in those documents, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Folsom, California, on this 30th day of March, 2006.


John Anders
John Anders