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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. 61
Docket No. ER09-1578-____**

Dear Secretary Bose:

On August 12, 2009, the California Independent System Operator Corporation ("ISO") submitted in this proceeding Amendment No. 1 to the California-Oregon Intertie ("COI") Control Area Operating Agreement between the ISO and the Sacramento Municipal Utility District ("SMUD"). The ISO now submits a mutually agreed-upon modification to that Amendment No. 1.¹

I. Modification to Amendment No. 1

As filed on August 12, Amendment No. 1 included revisions to Schedule 1 of the COI agreement to make a small modification to the percentage obligations of the ISO and SMUD for (1) power flow reduction measures that may be required by the path operator for the COI and (2) 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

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

in amended Schedule 1 should be adjusted by a single percentage point.² The ISO now modifies Schedule 1 to make those changes.³

II. Corrected Header to Rate Schedule Sheets

In preparing the revised rate schedule sheet for the COI agreement to implement the modified amendment to Schedule 1, the ISO identified an error in the identifying information in the header of both the revised rate schedule sheet for Schedule 1 and the revised rate schedule sheet for Appendix A of the COI agreement filed with the August 12 filing. Those two revised rate schedule sheets were inadvertently identified as "Original" sheets instead of "First Revised" sheets. New rate schedule sheets for both Schedule 1 and Appendix A of the COI agreement are attached to this filing as Attachment B. As only the revisions to Schedule 1 are substantive in nature, only those revisions are shown in black-line format in Attachment C.

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

In its August 12 filing, the ISO requested that Amendment No. 1 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. 1 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. 1 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.

IV. 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 list for the docket in which the ISO filed the original COI agreement with SMUD, Docket No. ER05-1522. In addition, the filing has been served on all parties to this proceeding and posted on the ISO's website.

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. 5 to the Interconnected Control Area Operating Agreement between the ISO and SMUD, which modification is being filed in Docket No. ER09-1577 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.

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 for Schedule 1 of the COI agreement that is modified by the instant filing, including corrected identification information in the header, and a corrected version of the revised rate schedule sheet for Appendix A of the COI agreement (Attachment B); and
- (4) revisions to the COI agreement incorporating the substantive changes contained in Attachment B hereto, shown in black-line format (Attachment C).

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

California-Oregon Intertie Control Area Operating Agreement

Between

Sacramento Municipal Utility District

And

California Independent System Operator Corporation

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

California-Oregon Intertie Control Area Operating Agreement

Between

Sacramento Municipal Utility District

And

California Independent System Operator Corporation

**APPENDIX A
ADDRESSES FOR NOTICES**

California Independent System Operator Corporation

Name of Primary
Representative: Ms. Roni L. Reese
Title: Senior Contracts Analyst
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City/State/Zip Code: Folsom, CA 95630
Email Address: rreese@caiso.com
Phone: (916) 608-7027
Fax No.: (916) 608-7292

Name of Alternate
Representative: Christopher J. Sibley
Title: Senior Contracts Negotiator
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030
Fax No.: (916) 608-7292

Sacramento Municipal Utility District

Name of Primary
Representative: Vicken Kasarjian
Title: Director, System Operations and Reliability
Address: 6001 S Street MS D109
City/State/Zip Code: Sacramento, CA 95817-1899
Email Address: vkasarj@smud.org
Phone: 916-732-5727
Fax No.: 916-732-7026

Name of Alternate
Representative: Richard A. Buckingham
Title: Principal Power Contracts Specialist
Address: 6001 S Street MS D105
City/State/Zip Code: Sacramento, CA 95817-1899
Email Address: rbuckin@smud.org
Phone: (916) 732-7027
Fax No.: (916) 732-6537

SCHEDULE 1

COI CONTROL AREA OPERATOR SHARING OBLIGATIONS

The COI Control Area Operators agree, consistent with Sections 8.2, 8.4 and 9 of this Agreement, to use the following percentages for the following purposes:

Power Flow Reduction Measures:

CAISO: 76%

SMUD: 24%

WECC RMS Sanctions:

CAISO: 76%

SMUD: 24%

Attachment C - Blacklines

September 3, 2009

California-Oregon Intertie Control Area Operating Agreement

Between

Sacramento Municipal Utility District

And

California Independent System Operator Corporation

* * *

SCHEDULE 1

COI CONTROL AREA OPERATOR SHARING OBLIGATIONS

The COI Control Area Operators agree, consistent with Sections 8.2, 8.4 and 9 of this Agreement, to use the following percentages for the following purposes:

Power Flow Reduction Measures:

CAISO:	7 <u>6</u> 7%
SMUD:	2 <u>4</u> 3%

WECC RMS Sanctions:

CAISO:	7 <u>6</u> 7%
SMUD:	2 <u>4</u> 3%

* * *

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