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September 7, 2004

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

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FEDERAL ENERGY
REGULATORY COMMISSION

Re: **California Independent System Operator Corporation,
Docket No. EL04-___-000; In Re Transmission Control
Agreement, Docket No. EL04-⁺-000**

Dear Secretary Salas:

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Enclosed please find the Petition of the California Independent System Operator Corporation to Modify the Transmission Control Agreement or, in the Alternative, Complaint of the California Independent System Operator Corporation that the Transmission Control Agreement Must Be Modified to Include Western Area Power Administration's Interest in the Path 15 Upgrade, submitted in the captioned dockets.

Two extra copies of this filing are also enclosed. Please stamp these copies with the date and time filed and return them to the messenger. Feel free to contact the undersigned with any questions. Thank you for your attention to this matter.

Respectfully submitted,

Bradley R. Miliauskas
Bradley R. Miliauskas

Counsel for the California Independent System Operator Corporation

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System Operator Corporation)	Docket No. EL04-____-000
)	
In Re Transmission Control Agreement)	Docket No. EL04-____-000
)	

**PETITION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO MODIFY THE TRANSMISSION CONTROL AGREEMENT
OR, IN THE ALTERNATIVE, COMPLAINT OF THE CALIFORNIA
INDEPENDENT SYSTEM OPERATOR CORPORATION THAT THE
TRANSMISSION CONTROL AGREEMENT MUST BE MODIFIED TO INCLUDE
WESTERN AREA POWER ADMINISTRATION'S INTEREST IN THE PATH 15
UPGRADE**

Pursuant to Sections 206, 306, 307 and 309 of the Federal Power Act ("FPA"), 16 U.S.C. §§ 824e, 825e, 825f, 825h, and Sections 206 and 207 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or "Commission"), 18 C.F.R. §§ 385.206, 385.207 (2004), the California Independent System Operator Corporation ("ISO")¹ hereby submits this petition to modify the Transmission Control Agreement ("TCA"), under which the ISO assumes Operational Control of the transmission facilities that constitute the ISO Controlled Grid. In the alternative, the ISO submits this pleading as a complaint against the TCA for being unjust and unreasonable and unduly discriminatory if the ISO is precluded from assuming Operational Control of the portion of the

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

upgrade of Path 15 owned by Western Area Power Administration, Sierra Nevada Region ("Western").²

By this petition, the ISO seeks to make the following changes to the TCA, which are included in Attachment A to the present filing:

- Changes to TCA Section 3.3.1 to provide that Western may be required to withdraw as a Participating Transmission Owner ("Participating TO") pursuant to TCA Section 26.14.1.
- Changes to TCA Section 4.1.1 to provide that Western is only required to place under the ISO's Operational Control the Path 15 upgrade transmission facilities as set forth in TCA Appendix A (Western) and not all of the transmission lines and associated facilities that it owns or to which it has Entitlements.
- The addition of new TCA Section 10.5 to provide that notwithstanding any other provision in TCA Section 10, the responsibilities of Western to allow interconnection of its Path 15 upgrade facilities and Entitlements set forth in TCA Appendix A (Western) will be set forth in *Western's General Requirements for Interconnection* as those requirements are set forth in Western's TO Tariff or in Western's Open Access Transmission Tariff ("OATT") as applicable. Further, new TCA Section 10.5 states that Western will be subject to the provisions of TCA Section 10 to the extent they are not inconsistent with the

² Concurrently with the present filing, the ISO is submitting an amendment to the ISO Tariff ("Amendment No. 63") to provide for Western's status as a partial Participating TO with regard to the currently ongoing Path 15 upgrade.

provisions of Western's TO Tariff or OATT, as applicable, and that execution of the TCA will not constitute agreement of any party that Western is in compliance with the Commission's regulations governing interconnections.

- The addition of new TCA Sections 26.14.1, 26.14.2 and 26.14.3 to address issues related to Western's status as a federal entity.

Section 26.14.1 provides that nothing in the TCA will compel a federal entity to exceed its statutory authority, and to provide that no party will incur any liability by failing to comply with a provision of the TCA that is inapplicable to it by reason of being inconsistent with any lawful federal statute, regulation, or order. Section 26.14.1 also provides that if Western issues or revises any federal regulation or order with the intent or effect of limiting, impairing, or excusing any obligation of Western under the TCA, then unless Western's action was expressly directed by Congress, any party, by giving thirty days' advance written notice to the other parties, may require that Western withdraw from the TCA and the ISO and Western will promptly meet to develop arrangements needed to assure non-impairment of the ISO's Operational Control responsibilities. New TCA Section 26.14.2 states that no provision of the TCA will require any Participating TO to give an indemnity to Western or for Western to give an indemnity to any Participating TO. New TCA Section 26.14.3 provides that to the extent a party suffers any loss as a result of being unable to enforce any

indemnity as a result of such enforcement being a violation of TCA Section 26.14.2, it will be entitled to seek recovery of such loss through its TO Tariff or through the ISO Tariff, as applicable.

- Changes to the ISO's and Participating TOs' TCA signature pages to reflect the signatories' agreement to the TCA changes contained in Attachment A to the present filing.³
- A new TCA signature page executed by Western.
- A new TCA Appendix A (Western) to reflect Western's transmission rights and interests with regard to the Path 15 upgrade.
- A new page for inclusion in TCA Appendix F to provide Western's contact information.

The ISO also proposes additional revisions to the TCA that the ISO understands are not opposed by any of the current Participating TOs or by Western. These are as follows:

- Changes to the title of TCA Section 8 to provide that the section addresses critical protective systems that support ISO Controlled Grid operations.
- The addition of new TCA Section 8.1 to provide for the treatment of and changes to Remedial Action Schemes, Under Frequency Load Shedding schemes, and Under Voltage Load Shedding schemes.

³ As explained below, the ISO understands that at least two of the Participating TOs will not execute the revised signature pages in the absence of agreement on all of the issues presented in this filing and the filing of Amendment No. 63, primarily a cost/revenue recovery issue. In addition, a number of the Participating TOs are not prepared to execute the signature pages in the absence of unanimous agreement. The municipal utility Participating TOs require City Council approval for execution and cannot seek such approval in the absence of final terms.

- The addition of new TCA Section 8.2 to state requirements with regard to the provision of protective relay system functional information.
- The addition of new TCA Section 8.3 to provide for changes to non-ISO controlled Remedial Action Schemes, Under Frequency Load Shedding schemes, and Under Voltage Load Shedding schemes.
- Changes to TCA Section 26.3.1 to modify the provisions therein concerning the confidentiality of documents, materials, data, or information pursuant to the TCA.
- Changes to TCA Appendix A (Anaheim), TCA Appendix A (Azusa), TCA Appendix A (Banning), and TCA Appendix A (Riverside) to reflect changes in Participating TOs' transmission Entitlements.
- Changes to TCA Appendix D to provide for a modified definition of Business Day to make the definition consistent with the ISO Tariff.

In addition, Attachment A to the present filing contains a revised Table of Contents to reflect the changes described above.

Before filing this pleading, the ISO, the current Participating TOs and Western engaged in extensive discussions over an eight-month period regarding these modifications. Unfortunately, the parties were not able to resolve all of their issues prior to the need to bring this matter before the Commission.

Because the ISO has been advised that the Path 15 upgrade may be energized as early as mid-November 2004, and the ISO and Western needed to know whether Western's share of the project would be under ISO Operational Control,

the ISO has made this filing. Two of the nine current Participating TOs (one a conditional Participating TO) have executed the amended TCA, as have Western and the ISO. In addition, while the Cities of Anaheim, Azusa, Banning, and Riverside, California (collectively, "Southern Cities") have not indicated to the ISO any specific objection to the amended TCA, they have indicated that they do not intend to present this TCA amendment to their City Councils until the Commission has resolved the issues presented in this filing. To obtain City Council approval is a significant process, and the Southern Cities prefer to wait until an agreement has been reached by all parties to the TCA.

As discussed below, the TCA expressly provides that it may be modified by order of the Commission. The ISO petitions the Commission to issue an order approving the modifications described above to allow Western's interest in the Path 15 upgrade to be made available for Market Participant use when the transmission line has been energized, potentially as early as mid-November. In the alternative, the ISO files this pleading as a complaint against the TCA because its failure to include Western as a partial Participating TO and allow the ISO to assume Operational Control of Western's interest in the Path 15 upgrade, which is vitally important transmission capacity to the citizens of California, is unjust and unreasonable and unduly discriminatory.

I. COMMUNICATIONS AND SERVICE

Communications regarding this matter should be addressed to the following persons, who should also be designated for service on the Commission's official service list:

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Copies of this filing and all attachments have been served upon the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, the Participating TOs, Western, and all parties with effective Scheduling Coordinator Agreements under the ISO Tariff.

⁴ In addition to Mr. Anders, the ISO respectfully requests that Ms. Le Vine be added to the official service list at the same mailing address. Ms. Le Vine and Mr. Anders work in separate buildings and it would be helpful to the ISO if both receive service.

II. BACKGROUND

A. The TCA

The TCA is the agreement among the ISO and Participating TOs that establish the terms and conditions under which Transmission Owners place certain transmission facilities and Entitlements under the ISO's Operational Control, thereby becoming Participating TOs. The TCA describes how the ISO and each Participating TO will discharge its respective duties and responsibilities with respect to the operation of those facilities and Entitlements. The initial TCA was filed as part of the comprehensive "Phase II" filings submitted by the trustee on behalf of the ISO on March 31, 1997. Refinements to the TCA were made as a result of an ongoing stakeholder process, and a revised TCA was submitted on August 15, 1997, in compliance with the Commission's order in *Pacific Gas and Electric Company, et al.*, 80 FERC ¶ 61,128 (1997). In its order dated October 30, 1997, the Commission granted interim and conditional authorization to the ISO to commence operations and required certain modifications to the TCA. *Pacific Gas and Electric Company, et al.*, 81 FERC ¶ 61,122. The ISO filed the revised TCA on February 20, 1998. By order dated March 30, 1998, *California Independent System Operator Corporation*, 82 FERC ¶ 61,325, the Commission conditionally accepted the TCA for filing to become effective on the ISO Operations Date and required further modifications to be made in a compliance filing within 60 days of the ISO Operations Date.⁵

⁵ *California Independent System Operator Corporation*, 82 FERC at 62,276-79. The ISO submitted the required compliance filing on June 1, 1998. The Commission has not yet acted on the compliance filing. On February 11, 1999, as amended on April 19, 1999, the ISO filed a supplement to the TCA consisting of operating instructions and curtailment priorities for Path 15.

Since the commencement of ISO operations on March 31, 1998, additional entities have become Participating TOs: the City of Vernon, California on January 1, 2001, and the Southern Cities on January 1, 2003. In addition, the Commission has authorized Trans-Elect NTD Path 15, LLC ("Trans-Elect") to become a Participating TO upon energization of the Path 15 upgrade.⁶ Recently, the City of Pasadena has applied to become a Participating TO.

B. Upgrade of Path 15

Path 15 currently comprises two high voltage transmission lines within the ISO Controlled Grid that extend from Southern California to Northern California.⁷ It is often constrained because of the need for significant north-south transfer capability to accommodate the movement of hydroelectric power from the Pacific Northwest to Southern California and also because of the need for south-north transmission to accommodate Generators in Southern California transmitting power to Northern California.⁸

In order to alleviate Congestion on Path 15, Western, together with Pacific Gas and Electric Company ("PG&E") and Trans-Elect (collectively, "Path 15 Participants") have over the past several years taken steps to plan and build a

The Commission accepted these submissions by order dated June 17, 1999. *California Independent System Operator Corporation*, 87 FERC ¶ 61,312 (1999), *reh'g pending*. On October 21, 2003, the ISO filed an amendment to the TCA consisting of revised operating instructions and curtailment priorities for Path 15. The Commission accepted this submission by order dated December 19, 2003, *California Independent System Operator Corporation*, 105 ¶ 61,314.

⁶ See Letter Order, Docket No. ER03-1217-000 (Oct. 14, 2003).

⁷ *Pacific Gas and Electric Company*, 107 FERC ¶ 61,335, at P 1 (2004) ("June 30, 2004 Order")

⁸ *Id.*

third high voltage line and associated transmission upgrades parallel to the existing Path 15 transmission facilities. These steps have included the filing by the Path 15 Participants of a Letter Agreement, which the Commission has accepted.⁹ The ISO understands that Western's unreimbursed costs for the development of the Path 15 upgrade project are approximately \$1.3 million, which represents approximately 0.5 percent of the \$306 million original estimate of the cost of the project.¹⁰ Pursuant to the Letter Agreement, Western will own the new high voltage transmission line and associated land that is the most significant part of the transmission upgrades, and Western will receive an entitlement to 10 percent of the transmission system rights in the upgrade of Path 15.¹¹ Construction of the Path 15 upgrade began in Fall 2003; the ISO understands that the energization of the third high voltage transmission line may occur as early as mid-November 2004, with commercial operation currently scheduled for early December 2004.

Western is not a public utility under the FPA,¹² nor is it currently a Participating TO or partial Participating TO.¹³ Instead, at present Western may be characterized as a Project Sponsor.¹⁴

⁹ *Western Area Power Administration*, 99 FERC ¶ 61,306 ("June 12, 2002 Order"), *reh'g denied*, 100 FERC ¶ 61,331 (2002) ("September 25, 2002 Order"), *petition for review denied sub nom. Public Utilities Commission of the State of California v. Federal Energy Regulatory Commission*, 367 F.3d 925 (2004). The steps have also included the filing by the Path 15 Participants of a Coordinated Operations and Interconnection Agreement, which the Commission has also accepted. See June 30, 2004 Order.

¹⁰ See June 12, 2002 Order at 62,278.

¹¹ *Id.*

¹² *Id.*

C. The Proposal Concerning Western's 10 Percent Interest in the Path 15 Upgrade

The ISO, current Participating TOs, and Western have engaged in discussions concerning the transfer of Operational Control of Western's 10 percent interest in the Path 15 upgrade to the ISO. As proposed by the ISO in this filing and in the companion filing of Amendment No. 63, Western would transfer Operational Control only of its 10 percent interest in the upgrade (approximately 150 MW of transfer capacity) and none of its other transmission assets.¹⁵ In exchange for the transfer of its interest in the Path 15 upgrade, in accordance with ISO Tariff Section 3.2.7.3, Western would receive the Congestion revenues and ISO Tariff-defined Firm Transmission Right ("FTR")

¹³ As explained in footnote 2, above, the ISO is submitting an amendment to its Tariff to provide for Western's status as a partial Participating TO with regard to the Path 15 upgrade project.

¹⁴ A Project Sponsor is defined in relevant part in Appendix D to the TCA as "[a] Market Participant . . . that proposes the construction of a transmission addition or upgrade in accordance with Section 3.2 of the ISO Tariff."

¹⁵ Western's 10 percent interest in the Path 15 upgrade represents only one of four major transmission projects in which Western holds an ownership interest. The remaining projects are the Pacific AC Intertie, the Central Valley Project, and the California-Oregon Transmission Project. The Path 15 upgrade is a tiny fraction of the transmission facilities under Western's operational control. Western owns and operates a total of 17,400 miles of transmission facilities. See www.wapa.gov/geninfo/sysglance.htm. The total length of Path 15 is much less - 84 miles. See www.wapa.gov/sn/initiatives/path15/. Western will not turn over Operational Control of any of its other facilities and therefore will not become a Participating TO with regard to those facilities.

As explained further in Amendment No. 63, Western, in order to transfer Operational Control over only its interest in the Path 15 upgrade to the ISO, must become a partial Participating TO with regard to the Path 15 upgrade only. Section 3.1.1 of the ISO Tariff currently does not make provision for a Transmission Owner to become a partial Participating TO. The ISO and Western are proposing that Western be selected as a partial Participating TO due to the regional significance of the new transmission facilities. Therefore, the ISO has proposed changes to the ISO Tariff that include such provisions.

auction revenues associated with its interest in the upgrade.¹⁶ Thus, as explained further below, Western has chosen to be a Project Sponsor and receive revenue in accordance with Section 3.2.7.3 of the ISO Tariff, and would become a partial Participating TO.

A few of the current Participating TOs have informed the ISO that they have concerns with the ISO Tariff provision that allows Western to be treated as a Project Sponsor and gives Western Congestion revenues and FTR auction revenues associated with the capacity interest that is turned over to ISO Operational Control. It is the understanding of the ISO that such Participating TOs contend there is an "over-recovery" because Western financed approximately 0.5 percent of the upgrade and yet would receive a 10 percent share of Congestion revenue and FTR auction revenue associated with the upgrade.¹⁷ In contrast, approximately 99.5 percent of the costs of the upgrade

¹⁶ Typically a Participating TO files a Transmission Revenue Requirement for Commission approval for revenue recovery. However, a Participating TO can either exercise this option or become a Project Sponsor.

¹⁷ This understanding is based on comments made by a Participating TO representative during the "public comment" portion of the July 29, 2004 meeting of the ISO Governing Board. The Path 15 upgrade is one of three lines that will comprise Path 15 once it is completed; thus the revenue allocation for Western's 10 percent interest in the Path 15 upgrade will be approximately 3.3 percent of the revenues associated with the entire Path. The following provides a point of reference regarding Western's potential revenue recovery as a Project Sponsor, as opposed to its recovery of its approximately \$1.3 million in unreimbursed costs and being allowed to net Congestion revenue against Congestion costs (Usage Charges) through a Transmission Revenue Requirement. Based on the actual clearing price for Path 15 FTRs in 2004, \$7,035/MW for 1,535 FTRs sold, the revenue for those FTRs was \$10,798,725. If no changes were to occur in the revenue from the FTR auction after the addition of the Path 15 upgrade, Western's percentage of that auction revenue would be approximately 3.3 percent or \$365,358. For calendar year 2003, Congestion revenue paid to the Participating TO for Path 15 was \$689,632; if Western had been a Participating TO at that time and Congestion revenue had not changed, Western would have received \$22,758. However, when the new transmission line for the Path 15 upgrade is energized and an additional 1,500 MW of transfer capability is available on Path 15, it is anticipated that Congestion will decrease and the value of FTRs will decrease, which will result in much lower FTR auction and Congestion revenue for Western – and less opportunity to recover its unreimbursed costs.

would be recovered through the Transmission Revenue Requirements of Trans-Elect and PG&E. As stated below, the ISO believes that the issue of cost recovery should be addressed in another forum and is unrelated to the amendments to the TCA proposed herein. Moreover, the cost recovery treatment proposed for Western is consistent with the provisions of Amendment No. 48 to the ISO Tariff ("Amendment No. 48"), which was previously approved by the Commission.¹⁸

Because the ISO understands that a few of the current Participating TOs will not execute the revised TCA in the absence of agreement on all of the issues presented in this filing, the ISO has brought this petition and complaint so that it can assume Operational Control of Western's portion of this important transmission project when the line is energized as early as mid-November 2004. Absent Commission approval prior to the line being energized, the ISO's Market Participants will not have access to this transmission capacity, and there would be no basis for determining to what entity to distribute any revenue that may accrue pending Commission action.

III. PETITION AND, IN THE ALTERNATIVE, COMPLAINT

A. Importance of the Path 15 Upgrade

Efforts by Western to assist in reducing Congestion along Path 15 were sparked by the National Energy Policy Report's recommendation in 2001 that President Bush direct the Secretary of Energy to authorize Western to explore

¹⁸ See *California Independent System Operator Corporation*, 102 FERC ¶ 61,278, order on compliance filing, 104 FERC ¶ 61,128, *reh'g denied*, 104 FERC ¶ 61,127 (2003).

ways of relieving the Path 15 bottleneck through transmission expansion.¹⁹

Through a public process, Western solicited proposals from non-federal entities in the construction and ownership of Path 15 upgrades; Western ultimately selected Trans-Elect and PG&E as its fellow Path 15 Participants.²⁰

The Commission has stressed the need to eliminate Congestion along Path 15 and the benefits of the upgrade to Path 15. It has explained that “Path 15 is a uniquely critical path, with transmission limitations that have had serious impacts on the ability to move power over the system.”²¹ Moreover, the Commission has stated that “[t]he need for additional transmission facilities in California, particularly along Path 15, has not abated since the issuance of the *Removing Obstacles Orders* – which sought, among other things to promote just this result – the timely construction of additional transmission facilities.”²² Further, “[i]t generally is recognized that serious transmission congestion plagues the California energy markets, particularly along Path 15, and that the upgrades will provide much needed transmission capacity to Northern California.”²³ The Commission has also stated that the proposal of the Path 15 Participants for upgrading Path 15 represented the best option available for relieving the

¹⁹ See June 12, 2002 Order at 62,277. Moreover, Path 15 was the sole transmission path in the Western Electricity Coordinating Council that was cited as a bottleneck.

²⁰ *Id.* at 62,277-78.

²¹ September 25, 2002 Order at P 7. In addition, the United States Department of Energy’s *National Transmission Grid Study* (May 2002) listed Path 15 as a major western transmission bottleneck. September 25, 2002 Order at n.4.

²² June 12, 2002 Order at 62,277.

²³ *Id.* at 62,280.

Congestion there.²⁴ The Commission has noted that the Department of Energy's *National Transmission Grid Study* stated that constraints on Path 15 had resulted in Congestion costs to California energy customers estimated at \$222 million over just the 16 months prior to December 2000, and that, by contrast, the entire cost of the Path 15 upgrades that would relieve that Congestion was estimated at that time to be approximately \$306 million.²⁵

For these reasons, it is indisputable that the Path 15 upgrade is in the public interest. Further, Western has from the beginning stated its commitment to turn over Operational Control of its share of the upgrade to the ISO.²⁶

B. Modification of the TCA

TCA Section 26.11 states, in relevant part, that the TCA may be modified "by mutual agreement of the Parties, subject to approval by the FERC," or "*upon issuance of an order by the Commission.*" TCA, §§ 26.11(1), -(3) (emphasis added). As the ISO understands that a few of the current Participating TOs will not execute the amended TCA in the absence of agreement on all of the issues presented in this filing and the Amendment No. 63 filing, it is apparent that the amendment to the TCA with regard to Western cannot be made by mutual agreement of all of the parties to the TCA. Therefore, consistent with the provision of the TCA that expressly permits modification by order of the Commission, the ISO respectfully requests that the Commission issue an order

²⁴ September 25, 2002 Order at P 7.

²⁵ *Id.* at P 7 n.4. Ratepayers will not have to pay the entire cost of the Path 15 upgrade in one year. Instead, the costs will be spread out over the life of the Path 15 upgrade. *Public Utilities Commission of the State of California*, 367 F.3d at 928-29.

²⁶ See June 12, 2002 Order at 62,281.

modifying the TCA as described in this filing. These modifications to the TCA are necessary in order to permit Western to turn over Operational Control of its interest in the Path 15 upgrade to the ISO.

The ISO also requests approval of the modifications to the TCA that are not related to Western's transfer of Operational Control of its portions of the Path 15 upgrade to the ISO. The ISO understands that these changes are unopposed by any Participating TO.

C. Alternative Complaint Against the TCA

In the alternative, the ISO has filed this pleading as a complaint that, unless modified to include Western as a partial Participating TO, the TCA would be unjust, unreasonable and unduly discriminatory. Thus, even if the contract itself did not permit the filing of a petition, the FPA and the Commission's Rules provide that any person may seek redress of any contract affecting the rates and charges of a public utility.

First, the ISO notes that the Western revenue recovery issue, the issue that the ISO understands is preventing certain parties from executing the amended TCA, is related to the ISO Tariff amendment proposed in the ISO's companion filing of ISO Tariff Amendment No. 63, not the TCA. Parties should not attempt to leverage their withholding of the execution of an amendment to the TCA as a means of enhancing their position with regard to a potential ISO Tariff amendment or interpretation under the ISO Tariff. If they are dissatisfied with the ISO's interpretation of an existing ISO Tariff provision, the remedy should be a complaint pursuant to Section 206 of the FPA. Similarly, if they object to a

proposed ISO Tariff amendment, the remedy is to protest the ISO's filing of that amendment.

Second, it is important to take into account the benefits provided by the Path 15 upgrade. Concurrently with the present filing, the ISO is submitting Amendment No. 63 to enable Western to turn over only its interest in the Path 15 upgrade and not all other portions of its transmission system. For the reasons described in the ISO's Tariff filing, the ISO maintains that this treatment for Western is just and reasonable, given the specific circumstances of Western and the enhanced reliability and economic benefits that will ensue from ISO Operational Control of an additional 10 percent share of the upgrade amounting to approximately 150 MW of additional transfer capability for south-to-north power deliveries, and increased capability for southbound deliveries, over a crucial bottleneck in the ISO Control Area.²⁷

Third, the ISO maintains that Western's compensation is consistent with Section 3.2.7.3 of the ISO Tariff that has already been approved by the Commission in Amendment No. 48. With regard to compensation for Western, the ISO is proposing to treat Western as a Project Sponsor with regard to its interest in the Path 15 upgrade. Western has proposed to forego the filing of a TO Tariff with the Commission and the recovery of its approximately \$1.3 million in unreimbursed costs for development of the upgrade as part of its Transmission Revenue Requirement. Instead, Western has chosen to receive the Congestion revenues and FTR auction revenues associated with its interest in the upgrade

²⁷ See June 12, 2002 Order at 62,278.

as a Project Sponsor, consistent with Section 3.2.7.3 as modified by Amendment No. 48. That section states in relevant part:

Provided that the ISO has Operational Control of the transmission upgrade or addition, a Project Sponsor that does not recover the investment cost under a FERC-approved rate through the Access Charge or a reimbursement or direct payment from a Participating TO shall be entitled to receive:

.....

- (b) its share, as determined in subsection (d) below, of the proceeds of the FTR auction for FTRs defined on the Inter-Zonal Interface of which the transmission addition or upgrade forms a part as set forth in Section 9.5.3, provided that the Project Sponsor does not receive FTRs from the ISO in accordance with Section 9.4.3 of the ISO Tariff; and
- (c) its share, as determined in subsection (d) below, of the Congestion revenues provided as calculated pursuant to Section 7.3.1.6 on the Inter-Zonal Interface of which the transmission addition or upgrade forms a part.

Pursuant to Section 3.2.7.3 and Western's proposal, Western would keep its interest share (10 percent) of the Congestion revenue and FTR auction revenue from the Path 15 upgrade.²⁸

The provision of Congestion revenue and FTR auction revenue to Western is entirely consistent with Amendment No. 48. In Amendment No. 48, the ISO, *inter alia*, proposed modifications to Section 3.2.7.3 of its Tariff that include the language from that section quoted above. The ISO noted that:

The Commission has recognized that there is a need to encourage new generation and transmission investment in California. The ISO's proposal furthers this goal. The ISO's proposal also is consistent with the position the Commission has

²⁸ As noted in footnote 17 above, the Path 15 upgrade is one of three lines that will comprise Path 15 once it is completed; thus the revenue allocation for Western's 10 percent interest in the Path 15 upgrade will be approximately 3.3 percent of the revenue associated with the entire Path.

taken in its Standard Market Design Notice of Proposed Rulemaking issued on July 31, 2002 in Docket No. RM01-12. In that regard, the Commission proposed that “[i]f an entity pays to construct new generation or transmission facilities that add transfer capability, and the costs of the upgrade are not rolled in, the entity would receive the Congestion Revenue Rights associated with the new transfer capability.”²⁹

The ISO explained that approval of Amendment No. 48 was necessary to compensate FPL Energy, LLC (“FPLE”) for an upgrade to increase the transmission rating on a transmission line owned by Southern California Edison Company (“SCE”), the Blythe-Eagle Mountain line.³⁰ The Commission accepted Amendment No. 48, subject to modifications not relevant here.

The present case is similar to that presented in Amendment No. 48. Western, like FPLE, seeks to be treated for purposes of revenue recovery as a Project Sponsor,³¹ and needs to be compensated for the addition of a transmission line. Moreover, as the Commission recognized with regard to Amendment No. 48, “certainty [is] required to encourage investment in transmission upgrades.”³² Therefore, the Commission should permit Western to

²⁹ Transmittal Letter for Amendment No. 48 at 3, Docket No. ER03-407-000 (Jan. 13, 2003), at 3 (quoting *Remedying Undue Discrimination Through Open Access Transmission Service and Standard Electricity Market Design*, Notice of Proposed Rulemaking, 67 Fed. Reg. 55,451 (Aug. 29, 2002, FERC Stats. & Regs. ¶ 32,563 (2002), at P 238.

³⁰ *California Independent System Operator Corporation*, 102 FERC ¶ 61,278, at PP 2-3 (2003) (“March 12, 2003 Order”).

³¹ See *California Independent System Operator Corporation*, 104 FERC ¶ 61,128, at P 2 (2003) (“July 25, 2003 Order”).

³² March 12, 2003 Order at P 21. See also *id.* at P 20 (noting SCE’s opposition to a methodology that “would likely lead to disparate results in similar cases” and would “discourage transmission expansion through uncertainty”).

receive the Congestion revenues and FTR auction revenues as a Project Sponsor to compensate Western with regard to the Path 15 upgrade.³³

The present case can be contrasted with, for example, that of the Southern Cities. The Southern Cities are Participating TOs that have provided to the ISO the right to operate their transmission facilities in exchange for recovery of their Transmission Revenue Requirements and the receipt of FTRs pursuant to Section 9.4.3 of the ISO Tariff; any FTR revenues that the Southern Cities receive in excess of their Congestion costs are offset against their Transmission Revenue Requirements pursuant to a TO Tariff filed with the Commission. Accordingly, the Southern Cities do not have the opportunity to keep Congestion revenues and FTR *auction* revenues as a Project Sponsor pursuant to Section 3.2.7.3, *they are required to credit these revenues against their Transmission Revenue Requirement.*³⁴

Permitting Western to receive Congestion and FTR auction revenues is consistent with Section 3.2.7.3 as approved in Amendment No. 48. Moreover, any concerns that other parties may have about Western's not becoming a Participating TO by turning over Operational Control all of its transmission facilities, but rather a partial Participating TO due to turning over Operational

³³ A Project Sponsor is also entitled to receive Wheeling Revenue if the transmission addition or upgrade is an Inter-Zonal Interface that connects the ISO Control Area with another Control Area. Path 15 is not an Inter-Zonal Interface between two Control Areas.

³⁴ In the Amendment No. 48 proceeding, the Commission noted the distinction between receiving FTRs and receiving FTR auction revenues. July 25, 2003 Order at P 8.

Control of one project (*i.e.*, its interest in the Path 15 upgrade), can and should be addressed in the Commission order concerning Amendment No. 63.³⁵

D. Authority of the Commission To Authorize the TCA Amendment and to Take Action Against the TCA Pursuant to the ISO's Complaint in the Alternative

1. The TCA Expressly Provides for Amendment By Commission Order

As explained above, Section 26.11(3) of the TCA provides for the TCA to be modified upon issuance of an order by the Commission. Accordingly, the ISO's filing this petition is consistent with the express terms of the agreement.

2. The Commission's Authority to Amend the TCA Is Indisputable

A number of provisions in the FPA and the Commission's regulations give the Commission indisputable authority to amend the TCA. Section 306 of the FPA states in relevant part that:

Any person . . . complaining of anything done or omitted to be done by any licensee or public utility in contravention of the provisions of this Act may apply to the Commission by petition which shall briefly state the facts, whereupon a statement of the complaint thus made shall be forwarded by the Commission to such licensee or public utility, who shall be called upon to satisfy the complaint or answer the same in writing within a reasonable time to be specified by the Commission. If such licensee or public utility shall not satisfy the complaint within the time specified or there shall appear to be any reasonable ground for investigating such complaint, it shall be the duty of the Commission to investigate the matters complained of in such manner and by such means as it shall find proper.

³⁵ The ISO has not taken a position as to the correct amount any Participating TO (or partial Participating TO) should recover, either in a Transmission Revenue Requirement or as a Project Sponsor. The amount to be recovered is a Commission-jurisdictional issue. Therefore, it is the responsibility of each Participating TO or partial Participating TO to receive Commission approval of that amount.

Rule 207 provides in relevant part that "a person must file a petition when seeking . . . [a]ny other action which is in the discretion of the Commission and for which this chapter prescribes no other form of pleading." 18 C.F.R. § 385.207(a)(5).

In addition, Section 206 of the FPA states in relevant part that the Commission, upon its own motion or upon complaint, may determine whether "any rate, charges, or classification demanded, observed, charged, or collected by any public utility for any transmission or sale subject to the jurisdiction of the Commission, or [whether] any rule, regulation, practice, or contract affecting such rate, charge, or classification" is unjust, unreasonable, unduly discriminatory, or preferential. FPA § 206(a). Moreover, the section provides that the Commission "shall determine the just and reasonable rate, charge, classification, rule, regulation, practice, or contract to be thereafter observed and in force, and shall fix the same by order." *Id.* Rule 206 also provides in relevant part that "[a]ny person may file a complaint seeking Commission action against any other person alleged to be in contravention or violation of any statute, rule, order, or other law administered by the Commission, or for any other alleged wrong over which the Commission may have jurisdiction." 18 C.F.R. § 385.206(a).

Without the addition of Western's interest in the Path 15 upgrade, the TCA is unjust and unreasonable as it would prevent the ISO from assuming Operational Control of additional transmission capacity over a vital regional path. Preventing the ISO from assuming Operational Control could have detrimental reliability and market impacts. Moreover, it would be unduly discriminatory if by

failure or refusal to execute a revision to the TCA, existing Participating TOs could exclude additional parties from becoming Participating TOs. The Commission has repeatedly emphasized that new transmission facilities are critical in enhancing the reliability and market benefits of independent transmission providers.³⁶

That the Commission has authority to order this remedy is unquestionable. Section 309 of the FPA states in relevant part that “[t]he Commission shall have power to perform any and all acts, and to prescribe, issue, make amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this Act.” Given the mandate to ensure transmission rates are just and reasonable and contracts due not present issues of undue discrimination, the Commission must take action and modify the TCA.

IV. DESCRIPTION OF THE CHANGES TO THE TCA

A. Changes to Accommodate the Transfer of Western’s Interest in the Path 15 Upgrade

1. TCA Section 3.3.1

The changes to TCA Section 3.3.1 provide that Western may be required to withdraw as a Participating TO pursuant to TCA Section 26.14.1. These changes are necessary to provide the other TCA parties a remedy in the event Western were to issue or revise a federal regulation or order that would prevent it

³⁶ See, e.g., *American Transmission Company LLC*, 105 FERC ¶ 61,388, at P 1 (2003); *PJM Interconnection, L.L.C.*, 104 FERC ¶ 61,124, at P 3 (2003); *Proposed Pricing Policy for Efficient Operation and Expansion of Transmission Grid*, 102 FERC ¶ 61,032, at P 37 (2003).

from complying with the terms of the TCA applicable to the other Participating TOs.

2. TCA Section 4.1.1

The revision to Section 4.1.1 provides that Western will only be required to place under the ISO's Operational Control its interest in the Path 15 upgrade which is set forth in TCA Appendix A for Western. This revision is needed to ensure that Western transfers only the relevant interest to the ISO. Absent this revision, Western, due to obligations to its federal preference power customers and other obligations with respect to the other transmission projects, would not turn over Operational Control of any transmission facilities to the ISO, and the ISO's Market Participants would lose open access under the ISO Tariff to approximately 150 MW of transmission capacity on a critical north-south path in California.

3. TCA Section 10.5

Section 10.5 has been modified to specify that the responsibilities of Western to allow interconnection to its Path 15 upgrade facilities will be set forth in Western's General Requirements for Interconnection as those requirements are set forth in Western's TO Tariff or in Western's "Open Access Transmission Tariff ("OATT") as applicable. Further, new TCA Section 10.5 states that Western will be subject to the provisions of TCA Section 10 to the extent they are not inconsistent with the provisions of Western's TO Tariff or OATT, as applicable, and that execution of the TCA will not constitute agreement of any party that Western is in compliance with the Commission's regulations governing

interconnections. These changes are necessary to recognize the standards and procedures Western has already put in place uniformly setting forth its rights and responsibilities with regard to interconnections to all of its transmission facilities.

4. TCA Sections 26.14.1, 26.14.2, and 26.14.3

The ISO has proposed to add new TCA Sections 26.14.1, 26.14.2 and 26.14.3 to address Western's status as a federal entity, all of which are derived from Section 20.8 of the ISO Tariff and adapted to the circumstances of the TCA. Section 26.14.1 provides that nothing in the TCA will compel any party to violate any statute or, in the case of a federal agency (*e.g.*, Western), to exceed its statutory authority, and to provide that no party will incur any liability by failing to comply with a provision of the TCA that is inapplicable to it by reason of being inconsistent with any lawful federal statute, regulation, or order (provided that such party will use its best efforts to comply with the TCA to the extent a federal statute, regulation, or order is lawful). Section 26.14.1 also provides that if Western issues or revises any federal regulation or order with the intent or effect of limiting, impairing, or excusing any obligation of Western under the TCA, then unless Western's action was expressly directed by Congress, any party, by giving thirty days' advance written notice to the other parties, may require that Western withdraw from the TCA, notwithstanding any other notice period in TCA Section 3.3.1. This provision was created to provide some remedy to other TCA parties if Western used its ability to issue regulations to unilaterally reduce its obligation under the TCA, unless Congress required that action. If such notice is given, the ISO and Western will promptly meet to develop arrangements needed

to comply with Western's obligation under TCA Section 3.3.3 concerning non-impairment of ISO Operational Control responsibilities. These changes are necessary to ensure that appropriate limits are placed on the actions of parties to the TCA (including federal agencies such as Western) and the parties' liabilities with regard to those actions.

New Section 26.14.2 states that no provision of the TCA will require any Participating TO to give an indemnity to Western or for Western to give an indemnity to any Participating TO. If any provision of the TCA requiring Western to give an indemnity to the ISO or the ISO to impose a sanction on Western is unenforceable against a federal entity, the affected party will submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of the TCA that are not enforceable against the federal entity. These changes are needed to provide for appropriate provisions concerning indemnification given Western's federal status.

Additionally, new TCA Section 26.14.3 provides that to the extent a party suffers any loss as a result of being unable to enforce any indemnity as a result of such enforcement being a violation of TCA Section 26.14.2, it will be entitled to seek recovery of such loss through its TO Tariff or through the ISO Tariff, as applicable. These changes are necessary to provide for appropriate provisions for recovery of loss as a result of being unable to enforce an indemnity.

All of these changes are based on the previously approved provisions of ISO Tariff Sections 20.8(a), 20.8(b), and 20.8(c) and reflect statutory and regulatory limitations on Western.

5. Additional Changes

The ISO has also proposed changes to the Participating TOs' and the ISO's TCA signature pages to reflect the signatories' agreement to the TCA changes contained in Attachment A; a new TCA signature page executed by Western; a new TCA Appendix A (Western) to reflect Western's transmission rights and interests with regard to the Path 15 upgrade; and a new page for inclusion in TCA Appendix F to provide Western's contact information.

B. Other Changes to the TCA

The ISO has also proposed other changes to the TCA in conjunction with the revisions described above associated with the accommodation of the transfer of Western's interest in the Path 15 upgrade. It is the ISO's understanding that the changes described below are not opposed by any of the current Participating TOs or by Western.

1. Modifications to TCA Section 8

The transmission Maintenance Coordination Committee has recommended to the Parties a number of changes to TCA Section 8, including the changes to the title of TCA Section 8 to provide that the section addresses critical protective systems that support ISO Controlled Grid operations. The addition of new TCA Section 8.1 provides for the treatment of and changes to Remedial Action Schemes, Under Frequency Load Shedding schemes, and

Under Voltage Load Shedding schemes. The addition of new TCA Section 8.2 states requirements with regard to the provision of protective relay system functional information. The addition of new TCA Section 8.3 provides for changes to non-ISO controlled Remedial Action Schemes, Under Frequency Load Shedding schemes, and Under Voltage Load Shedding schemes. These changes are intended to better reflect current practices.

2. Changes to TCA Section 26.3.1

The ISO proposes to modify TCA Section 26.3.1 to expand the scope of documents, materials, data, and information treated as confidential by the ISO. Specifically, the ISO proposes to provide greater specificity as to which materials are covered by Section 26.3.1, and to provide for certain materials to be marked as "Confidential Data."

3. Changes to TCA Appendix A (Anaheim), TCA Appendix A (Azusa), TCA Appendix A (Banning), and TCA Appendix A (Riverside)

The changes to the appendices are necessary to reflect changes in transmission Entitlements.

4. Modification of the Definition of Business Day

The ISO proposes to modify the definition of "Business Day" in Appendix D of the TCA to conform it to the definition in the ISO Tariff.

V. EFFECTIVE DATE

The ISO proposes that all of the changes to the TCA contained in the present filing (those associated with Western's Path 15 upgrade as well as the other changes) be made effective upon no less than ten days' notice after

November 1, 2004. This effective date will permit the transfer of Operational Control by Western over its 10 percent interest in the Path 15 upgrade to the ISO prior to the energization of the upgrade, which the ISO understands may occur as early as mid-November 2004.

VI. LIST OF ATTACHMENTS

The following documents, in addition to this letter, support this filing:

- Attachment A Proposed clean replacement sheets for inclusion in the TCA
- Attachment B Black-lined sheets showing the proposed changes to the TCA
- Attachment C Notice of this filing, suitable for publication in the Federal Register (also provided in electronic format)

VII. EXPEDITED TREATMENT

The ISO respectfully requests expedited treatment of this filing as it is imperative that the Commission reach a determination regarding these matters prior to the line being energized as early as mid-November 2004. The ISO, Western, the other Participating TOs and the ISO's other Market Participants will need to know the treatment of this capacity prior to the line being energized.

VIII. CONCLUSION

Wherefore, the ISO respectfully requests that the Commission issue an order accepting the changes to the TCA proposed herein.

Respectfully submitted,



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Dated: September 7, 2004

ATTACHMENT A

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APPENDICES A – FACILITIES AND ENTITLEMENTS

- PG&E Appendix A and Supplement**
- Edison Appendix A and Supplement**
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- Vernon Appendix A**
- Anaheim Appendix A**
- Azusa Appendix A**
- Banning Appendix A**
- Riverside Appendix A**
- Trans-Elect NTD Path 15, LLC Appendix A**
- Western Area Power Administration, Sierra Nevada Region Appendix A**

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APPENDICES B - ENCUMBRANCES

- PG&E Appendix B
- Edison Appendix B
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Issued by: Anthony Ivancovich, Senior Regulatory Counsel

Issued on: September 7, 2004

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3. EFFECTIVE DATE, TERM AND WITHDRAWAL

3.1. Effective Date.

This Agreement shall become effective as of the latest of:

- i. the date that it is signed by the ISO and the Transmission Owners referred to in Section 2.1.1;
- ii. the date the CPUC or its delegate declares to be the start date for direct access pursuant to CPUC Decision 97-12-131; and
- iii. the date when this Agreement is accepted for filing and made effective by the FERC.

3.2. Term.

This Agreement shall remain in full force and effect until terminated:

(1) by operation of law or (2) the withdrawal of all Participating TOs pursuant to Section 3.3 or Section 4.4.1.

3.3. Withdrawal.

3.3.1 Notice. Subject to Section 3.3.3, any Participating TO may withdraw from this Agreement on two years' prior written notice to the other Parties. In addition, Western Area Power Administration ("Western") may be required to withdraw as a Participating TO pursuant to Section 26.14.1.

3.3.2 Sale. Subject to Section 3.3.3, any Participating TO may withdraw from this Agreement if that Participating TO sells or otherwise disposes of all of the transmission facilities and Entitlements that the Participating TO placed under the ISO's Operational Control, subject to the requirements of Section 4.4.

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3.3.3 Conditions of Withdrawal. Any withdrawal from this Agreement pursuant to Section 3.3.1 or Section 3.3.2 shall be contingent upon the withdrawing

changes to this Agreement and to the ISO Tariff (if any), make a filing with FERC pursuant to Section 205 of the FPA, and take whatever other regulatory action, if any, that is required to properly reflect the Withdrawal for Tax Reasons.

3.4.9 Provision of Information by ISO. To assist Tax Exempt Participating TOs in identifying at the earliest opportunity Impending Adverse Tax Actions or Actual Adverse Tax Actions, the ISO promptly shall provide to Participating TOs any non-confidential information regarding any ISO plans, actions or operating protocols that the ISO believes might adversely affect the tax-exempt status of any Tax Exempt Debt issued by, or for the benefit of, a Tax Exempt Participating TO.

3.4.10 Publication of Notices. The ISO shall inform the public through WEnet or the ISO internet website of all notices received under this Section 3.4.

4. TRANSFER OF OPERATIONAL CONTROL

4.1. TO Facilities and Rights Provided to the ISO.

4.1.1 ISO Controlled Grid. Subject to Section 4.1.2 and the treatment of Existing Contracts under Sections 2.4.3 and 2.4.4 of the ISO Tariff and subject to the applicable interconnection, integration, exchange, operating, joint ownership and joint participation agreements, each Participating TO shall place under the ISO's Operational Control the transmission lines and associated facilities forming part of the transmission network that it owns or to which it has Entitlements, except that Western shall only be required to place under the ISO's Operational Control the transmission lines and associated facilities that it owns or to which it has Entitlements as set forth in Appendix A (Western). The Initial Transmission Owners identified in Section 2.1.1 shall be

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deemed to have placed such transmission lines and associated facilities under the
ISO's Operational Control as of the date the CPUC or its delegate declares to be the
start date for direct access pursuant to CPUC Decisions 97-

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on the ISO Controlled Grid or any actual or anticipated Forced Outages as soon as it becomes aware of them, in accordance with Section 2.3.3 of the ISO Tariff.

7.3.2 Returns to Service. The Participating TO shall take all steps necessary, consistent with Good Utility Practice and in accordance with the ISO Tariff and ISO Protocols, to prevent Forced Outages and to return to operation, as soon as possible, any facility under the ISO's Operational Control that is the subject of a Forced Outage.

8. CRITICAL PROTECTIVE SYSTEMS THAT SUPPORT ISO CONTROLLED GRID OPERATIONS

8.1. Remedial Action Systems, Under Frequency Load Shedding, Under Voltage Load Shedding.

Each Participating TO shall coordinate its Critical Protective Systems with the ISO, other Transmission Owners, and Generators to ensure that its Remedial Action Schemes ("RAS"), Under Frequency Load Shedding ("UFLS"), and Under Voltage Load Shedding ("UVLS") schemes function on a coordinated and complementary basis in accordance with WSCC/NERC planning, reliability, and protection policies and standards. Participating TOs that are parties to contracts affecting RAS, UFLS, and UVLS schemes shall make reasonable efforts to amend those contracts in order to permit the RAS, UFLS, and UVLS schemes to be operated in accordance with WSCC/NERC planning, reliability, and protection policies and standards and the ISO Tariff.

Each Participating TO, in conjunction with the ISO, shall identify, describe,

and provide to the ISO the functionality of all RAS for electric systems operating at 200 kV nominal voltage or higher and any other lower voltage lines that the ISO and Participating TO determine to be critical to the reliability of the ISO Controlled Grid. Each Participating TO shall provide to the ISO a description of the functionality of UFLS and UVLS schemes that protect the security and reliability of transmission facilities on the ISO Controlled Grid.

Each Participating TO shall maintain the design, functionality, and settings of its existing RAS, UFLS, and UVLS schemes. New or existing schemes that are functionally modified must be in accordance with WSCC/NERC planning, reliability, and protection policies and standards. Each Participating TO shall notify the ISO in advance of all RAS, UFLS, and UVLS schemes functionality and setting changes that affect transmission facilities on the ISO Controlled Grid. Each Participating TO shall not disable or take clearances on RAS or UVLS schemes without the approval of the ISO through the Maintenance Outage and Forced Outage coordination process in accordance with the ISO Tariff. Clearances on UFLS may be taken without approval depending upon the armed load disabled as agreed to between the Participating TO and ISO and incorporated in the Operating Procedures.

8.2. Protective Relay Systems.

Each Participating TO shall provide to the ISO protective relay system functional information necessary to perform system planning and operating analysis, and to operate transmission facilities on the ISO Controlled Grid in compliance with WSCC/NERC planning, reliability and protection policies and standards.

8.3 Non-ISO Controlled Protective Relay Systems, RAS, UVLS, UFLS Schemes.

Changes to non-ISO controlled RAS, UFLS, UVLS schemes or protective relay systems that result in changes to the normal or emergency rating of an ISO Controlled Grid transmission facility shall be coordinated with the ISO prior to implementation of the changes.

9. SYSTEM EMERGENCIES

9.1. ISO Management of Emergencies.

The ISO shall manage a System Emergency pursuant to the provisions of Section 2.3.2 of the ISO Tariff. The ISO may carry out unannounced tests of System Emergency procedures pursuant to the ISO Tariff.

9.2. Management of Emergencies by Participating TOs.

9.2.1 ISO Orders. In the event of a System Emergency, the Participating TOs shall comply with all directions from the ISO regarding the management and alleviation of the System Emergency unless such compliance would impair the health or safety of personnel or the general public.

9.2.2 Communication. During a System Emergency, the ISO and Participating TOs shall communicate through their respective control centers, in

or other agreement entered into pursuant to this Section 10.3 or the provisions of the ISO Tariff and its TO Tariff as applicable relating to Interconnection.

10.3.8 On-Site Inspections. The ISO may at its own expense accompany a Participating TO during on-site inspections and tests of Interconnections or, by pre-arrangement, may itself inspect Interconnections or perform its own additional inspections and tests.

10.4 Joint Responsibilities.

The Parties shall share with the ISO relevant information about Interconnection requests and coordinate their activities to ensure that all Interconnection requests are processed in a timely, non-discriminatory fashion and that all Interconnections meet the operational and reliability criteria applicable to the ISO Controlled Grid. Subject to Section 26.3 of this Agreement, the ISO shall pass on such information to any Parties who require it to carry out their responsibilities under this Agreement.

10.5 Interconnection Responsibilities of Western.

Notwithstanding any other provision of this Section 10, the responsibilities of Western to allow interconnection to its Path 15 Upgrade facilities and Entitlements set forth in Appendix A (Western) shall be as set forth in Western's General Requirements for Interconnection as those requirements are set forth in Western's TO Tariff or in Western's "Open Access Transmission Tariff" ("OATT"), as applicable. Western shall be subject to the provisions of this Section 10 to the extent they are not inconsistent with the provisions of Western's TO Tariff or OATT, as applicable. Execution of this

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Agreement shall not constitute agreement of any Party that Western is in compliance with FERC's regulations governing interconnections.

11. EXPANSION OF TRANSMISSION FACILITIES

The provisions of Section 3.2 of the ISO Tariff will apply to any expansion or reinforcement of the ISO Controlled Grid affecting the transmission facilities of the Participating TOs placed under the Operational Control of the ISO.

12. USE AND ADMINISTRATION OF THE ISO CONTROLLED GRID

12.1. Use of the ISO Controlled Grid.

Except as provided in Section 13, use of the ISO Controlled Grid by the

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to receive notice on its behalf in Appendix F. Such changes to Appendix F shall not constitute an amendment to this Agreement. Any notice of a routine character in connection with service under this Agreement or in connection with the operation of facilities shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this Agreement.

26.2. Non-Waiver.

Any waiver at any time by any 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 other matter arising in connection with this Agreement. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

26.3. Confidentiality.

26.3.1 **ISO.** The ISO shall maintain the confidentiality of all of the documents, materials, data, or information ("Data") provided to it by any other Party that reflects or contains: (a) Data treated as confidential or commercially sensitive under the confidentiality provisions of Section 20.3 of the ISO Tariff; (b) critical energy infrastructure information, as defined in Section 388.113(c)(1) of the FERC's regulations (c) technical information and materials that constitute valuable, confidential, and proprietary information, know-how, and trade secrets belonging to a Party, including, but not limited to, information relating to drawings, maps, reports, specifications and records and/or software, data, computer models, and related documentation; or (d) Data that was previously public information but that was removed from public access in

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accordance with FERC's policy statement issued on October 11, 2001 in Docket No. PL02-1-000 in response to the September 11, 2001 terrorist attacks. In order to be subject to the confidentiality protections of this Section 26.3, Data provided by a Party to the ISO after January 1, 2005 which is to be accorded confidential treatment, as set forth above, shall be marked as "Confidential Data." Such a marking requirement, however, shall not be applicable to the Data provided by a Party to the ISO prior to January 1, 2005 so long as the Data qualifies for confidential treatment hereunder. Notwithstanding the foregoing, the ISO shall not keep confidential: (1) information that is explicitly subject to data exchange through WEnet or the ISO internet website pursuant to Section 6 of the ISO Tariff; (2) information that the ISO or the Party providing the information is required to disclose pursuant to this Agreement, the ISO Tariff, or applicable regulatory requirements (provided that the ISO shall comply with any applicable limits on such disclosure); or (3) the information becomes available to the public on a non-confidential basis (other than as a result of the ISO's breach of this

26.12. Appendices Incorporated.

The several appendices to this Agreement, as may be revised from time to time, are attached to this Agreement and are incorporated by reference as if herein fully set forth.

26.13. Counterparts.

This Agreement may be executed in one or more counterparts, which may be executed at different times. Each counterpart, which shall include applicable individual Appendices A, B, C, D and E shall constitute an original but all such counterparts together shall constitute one and the same instrument.

26.14 Consistency with Federal Laws and Regulations

26.14.1 No Violation of Law. Nothing in this Agreement shall compel any Party to: (1) violate any federal statute or regulation; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statute, or regulation or order lawfully promulgated thereunder. No Party shall incur any liability by failing to comply with a provision of this Agreement that is inapplicable to it by reason of being inconsistent with any federal statute, or regulation or order lawfully promulgated thereunder; provided, however, that such Party shall use its best efforts to comply with this Agreement to the extent that applicable federal laws, and regulations and orders lawfully promulgated thereunder, permit it to do so.

If Western issues or revises any federal regulation or order with the intent or effect of limiting, impairing, or excusing any obligation of Western under this Agreement, then unless Western's action was expressly directed by Congress, any Party, by giving thirty days' advance written notice to the other Parties, may require

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

Original Sheet No. 63A

Western to withdraw from this Agreement, notwithstanding any other notice period in Section 3.3.1. If such notice is given, the ISO and Western promptly shall meet to develop arrangements needed to comply with Western's obligation under Section 3.3.3 concerning non-impairment of ISO Operational Control responsibilities.

26.14.2 Federal Entity Indemnity. No provision of this Agreement shall require any Participating TO to give an indemnity to Western or for Western to give an indemnity to any Participating TO. If any provision of this Agreement requiring Western to give an indemnity to the ISO or the ISO to impose a sanction on Western is unenforceable against a federal entity, the affected Party shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of this Agreement that are not enforceable against the federal entity.

26.14.3 Recovery for Unenforceable Indemnity. To the extent that a Party suffers any loss as a result of being unable to enforce any indemnity as a result of such enforcement being in violation of Section 26.14.2, it shall be entitled to seek recovery of such loss through its TO Tariff or through the ISO Tariff, as applicable.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

Second Revised Sheet No. 64
Superseding 1st Revised Sheet No. 64

27. SIGNATURE PAGE

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

California Independent System Operator Corporation has caused this Transmission Control Agreement to be executed by its duly authorized representative on this 2nd day of September, 2004 and thereby incorporates the following Appendices in this Agreement:

- Appendices A
- Appendices B
- Appendix C
- Appendix D
- Appendices E
- Appendix F

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
151 Blue Ravine Road
Folsom, California 95630

by: Marcie L. Edwards

Marcie L. Edwards
Interim Chief Executive Officer

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

Second Revised Sheet No. 65
Superseding 1st Revised Sheet No. 65

28. SIGNATURE PAGE

PACIFIC GAS AND ELECTRIC COMPANY

Pacific Gas and Electric Company has caused this Transmission Control Agreement to be executed by its duly authorized representative on this 2nd day of September, 2004 and thereby incorporates the following Appendices in this Agreement:

- Appendix A (PG&E)
- Appendix B (PG&E)
- Appendix C
- Appendix D
- Appendix E (Diablo Canyon)
- Appendix F

PACIFIC GAS AND ELECTRIC COMPANY
77 Beale Street
San Francisco, California 94105

by: Jeffrey D. Butler
Jeff Butler
Senior Vice President, Transmission & Distribution

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

First Revised Sheet No. 72A
Superseding Original Sheet No. 72A

36. SIGNATURE PAGE

TRANS-ELECT NTD PATH 15, LLC

TRANS-ELECT NTD PATH 15, LLC has caused this Transmission Control Agreement to be executed by its duly authorized representative on this 2nd day of September, 2004 and thereby incorporates the following Appendices in this Agreement:

Appendix A (Trans-Elect)

Appendix C

Appendix D

Appendix F

**Trans-Elect NTD Path 15, LLC
1850 Centennial Park Drive
Suite 480
Reston, VA 20191**

By: Perry Cole
Perry Cole
Senior Vice President

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

Original Sheet No. 72B

37. SIGNATURE PAGE

WESTERN AREA POWER ADMINISTRATION, SIERRA NEVADA REGION

WESTERN AREA POWER ADMINISTRATION, SIERRA NEVADA

REGION has caused this Transmission Control Agreement to be executed by its duly authorized representative on this 31st day of August, 2004 and thereby incorporates the following Appendices in this Agreement:

- Appendix A (Western)
- Appendix C
- Appendix D
- Appendix F

**Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, CA 95630-4710**

By: _____

**James D. Keselburg
Regional Manager**

Issued by: Anthony Ivancovich, Senior Regulatory Counsel

Issued on: September 7, 2004

Effective: Upon notice after November 1, 2004

**APPENDIX A: CITY OF ANAHEIM
 TRANSMISSION ENTITLEMENTS**

	Point of Receipt-Delivery	Parties	Direction	Contract Title	FERC No.	Contract Termination	Contract Amount
1	IPP-Adelanto Switching Station	Anaheim-SCPPA	Bi-directional	Southern Transmission System Transmission Service Contract		15-Jun-27	339 MW (N-S) 247 MW (S-N)
2	Marketplace Substation-Adelanto Marketplace Substation-McCullough	Anaheim-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		31-Oct-30	118 MW
3	Westwing-Mead 500 kV Marketplace-Mead 500 kV Mead 500 kV-Mead 230 kV	Anaheim-SCPPA	Bi-directional	Mead-Phoenix Project Transmission Service Contract		31-Oct-30	47 MW 110 MW
4	Marketplace Substation-McCullough Adelanto-Victorville/Lugo	Anaheim-LADWP	Bi-directional	Adelanto-Victorville/Lugo 110 MW Firm Transmission Service Agmt		See Note 1	110 MW
5	Adelanto-Victorville/Lugo	Anaheim-LADWP	North-South	IPP Base Capacity Transmission Service Agreement		See Note 2	212 MW
6	Adelanto-Victorville/Lugo	Anaheim-LADWP	North-South	IPP Additional Capacity Transmission Service Agreement		See Note 3	127 MW
7	IPP-Mona Substation IPP-Gonder Substation	Anaheim-LADWP	Bi-directional	Northern Transmission System Agreement		See Note 4	381 MW
8	Nevada-Oregon Border-Sylmar	Anaheim-Burbank & Pasadena	Bi-directional	Pacific Inter tie Direct Current Firm Transmission Service Agreement		30-Sep-08	54 MW 24 MW

Notes

1. Agreement terminates on: (i) removal of Mead-Adelanto Project from Service; or (ii) removal of Los Angeles-SCE interconnection at Victorville/Lugo.
2. Agreement terminates on: (i) June 15, 2027; or (ii) the date Anaheim interconnects at Adelanto Switching Station.
3. Agreement terminates on: (i) June 15, 2027; (ii) the date Anaheim interconnects at Adelanto Switching Station; or (iii) 5-year's notice by LADWP.
4. Agreement terminates on: (i) termination of LADWP's rights to the Northern Transmission System; or (ii) termination of the IPP Additional Capacity Agreement.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
 FERC ELECTRIC TARIFF NO. 7
 SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

First Revised Sheet No. 100
 Superseding Original Sheet No. 100

POINT OF RECEIPT-DELIVERY	PARTIES	DIRECTION	CONTRACT ID#	TERMINATION	AMOUNT
6. Sylmar - Rio Hondo	Azusa, Edison	Uni-Directional	Edison-Azusa San Juan Unit 3 FTS	247.29	(4) See Notes 10 MW: CY 2004 through termination
7. Mead - Rio Hondo	Azusa, Edison	Bi-Directional	Edison-Azusa Sylmar FTS	247.24	(5) See Notes 8 MW
8. Sylmar - NOB	Azusa, Pasadena, Burbank	Bi-Directional	Pacific Intertie Direct Current FTS		(6) See Notes 3MW
9. ANPP (Devers) - Sylmar	Azusa, Los Angeles	Bi-Directional	Los Angeles - Azusa ANPP/Sylmar FTS	DWP No. 10021	(7) See Notes 10 MW
10. Victorville-Lugo - Adelanto	Azusa, Los Angeles	Bi-Directional	Los Angeles - Azusa Adelanto-Victorville/Lugo FTS	DWP No. 10345	(8) See Notes 19 MW

Summary- details are in each agreement.

NOTES:

- (1) Contract Termination: Upon written agreement between the Parties to terminate the FTS Agreement or termination of Electric Service Contract, provided that the termination of FTS Agreement shall not occur prior to January 1, 2003.
- (2) Contract Termination: Upon written agreement between the Parties to terminate the FTS Agreement, termination of Azusa's entitlement to PVNGS, or termination of the Arizona Nuclear Power Project Participation, provided that the termination of the FTS Agreement shall not occur prior to January 1, 2003.

Issued by: Anthony Ivancovich, Senior Regulatory Counsel
 Issued on: September 7, 2004

Effective: Upon notice after November 1, 2004

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

First Revised Sheet No. 101
Superseding Original Sheet No. 101

(3) Contract Termination: Upon written agreement between the Parties to terminate the FTS Agreement or termination of City's ownership in San Juan Unit 3, provided that termination of this Transmission Service Agreement shall not occur prior to January 1, 2003.

(4) Contract Termination: Same as (3)

(5) Contract Termination: Same as (3)

(6) Contract Termination: This agreement will be terminated effective September 30, 2009.

(7) Contract Termination: This agreement shall be terminated upon the earlier of: (i) 2400 hours on December 31, 2023; (ii) by mutual agreement of the Parties; (iii) thirty-six months after Los Angeles has provided written notice that the Agreement is to terminate, provided, however, such notice of termination shall not be given prior to December 31, 2000; or (iv) Azusa may elect to discontinue service under this Agreement by written notice to Los Angeles within sixty days of the mailing date of any subsequent rate for transmission service established under Section 10.3 of the Agreement. If Azusa so elects, this Agreement shall terminate on the last day of the second full month following the mailing date of Azusa's notice.

(8) Contract Termination: This agreement shall be terminated upon the earlier of: (i) four years prior written notice by either Party, which notice shall not be given before one year after the Date of Firm Operation; (ii) the date of retirement of the Mead-Adelanto Project; (iii) the date the point of interconnection on the Victorville-Lugo transmission line is permanently removed from service; (iv) the in-service date of the Adelanto-Lugo transmission line, as such date is defined pursuant to the agreements relating thereto; (v) a date determined pursuant to Section 4.3 of the Agreement; or (vi) a date mutually agreed upon by the Parties.

Issued by: Anthony Ivancovich, Senior Regulatory Counsel
Issued on: September 7, 2004

Effective: Upon notice after November 1, 2004

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
 FERC ELECTRIC TARIFF NO. 7
 SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

First Revised Sheet No. 102
 Superseding Original Sheet No. 102

**APPENDIX A: CITY OF BANNING
 TRANSMISSION ENTITLEMENTS**

Point of Receipt-Delivery	Parties	Direction	Contract Title	FERC No.	Contract Termination	Contract Amount
1. Marketplace Substation-Adelanto	Banning-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		Oct 31, 2030	12 MW
2. Westwing-Mead-Marketplace 500 kV	Banning-SCPPA	Bi-directional	Mead-Phoenix Project Transmission Service Contract		Oct 31, 2030	3 MW
3. Marketplace-McCullough 500 kV	Banning-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		Oct 31, 2030	12 MW
4. ANPP-Sylmar	Banning-LADWP	Bi-directional	Mead-Phoenix Project Transmission Service Contract		See Note 1	3 MW
5. Adelanto-Victorville/Lugo	Banning-LADWP	To Victorville	ANPP/Sylmar 15 MW Transmission Service Agreement Adelanto-Victorville/Lugo Firm Transmission Service Agreement		See Note 2	15 MW 12 MW
6. Nevada-Oregon Border-Sylmar	Banning-Burbank & Pasadena	Bi-directional	Pacific Intertie Direct Current Firm Transmission Service Agreement		Sep 30, 2009	1 MW
7. Victorville/Lugo-Devers 115 kV	Banning-SCE	To Devers	Palo Verde Nuclear Generating Station Firm Transmission Service Agreement		See Note 3	3 MW
8. Victorville/Lugo-Devers 115 kV	Banning-SCE	To Devers	Sylmar Firm Transmission Service Agreement		See Note 4	5 MW
9. Mead 230 kV-Devers 115 kV	Banning-SCE	To Devers	Hoover Firm Transmission Service Agreement		See Note 5	2 MW
10. Devers 500 kV-Devers 115 kV	Banning-SCE	To Devers	1995 San Juan Unit 3 Firm Transmission Service Agreement		See Note 6	15 MW

Notes

- Agreement terminates on: (i) December 31, 2023; or (ii) 36-months notice by LADWP.
- Agreement terminates on: (i) 4-years written notice by either party; or (ii) the date of retirement of the Mead-Adelanto Project; (iii) the date the point of interconnection on the Victorville/Lugo line is permanently removed from service; (iv) the in-service date of the Adelanto-Lugo transmission line, as such date is defined pursuant to the agreements relating thereto.
- Agreement terminates on: (i) twelve months notice by Banning; (ii) termination of Banning's interest in Palo Verde Nuclear Generating Station Unit 2; or (iii) unacceptable FERC modification.
- Agreement terminates on: (i) twelve months notice by Banning; (ii) termination of Banning's interest San Juan Unit 3; or (iii) unacceptable FERC modification.
- Agreement terminates on: (i) twelve months notice by Banning; (ii) termination of the Electric Service Contract between Western and Banning; or (iii) unacceptable FERC modification.
- Agreement terminates on: (i) twelve months notice by Banning; (ii) termination of Banning's interest San Juan Unit 3; or (iii) unacceptable FERC modification.

Issued by: Anthony Ivancovich, Senior Regulatory Counsel
 Issued on: September 7, 2004

Effective: Upon notice after November 1, 2004

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
 FERC ELECTRIC TARIFF NO. 7
 SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

First Revised Sheet No. 103
 Superseding Original Sheet No. 103

**APPENDIX A: CITY OF RIVERSIDE
 TRANSMISSION ENTITLEMENTS**

Point of Receipt-Delivery	Parties	Direction	Contract Title	FERC No.	Contract Termination	Contract Amount
1. IPP-Adelanto Switching Station	Riverside-SCPPA	Bi-directional	Southern Transmission System Transmission Service Contract		15-Jun-27	N-S 195 MW S-N 142 MW
2. Marketplace Substation-Adelanto	Riverside-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		31-Oct-30	118 MW
3. Westwing-Mead-Marketplace 500 kV	Riverside-SCPPA	Bi-directional	Mead-Phoenix Project Transmission Service Contract		31-Oct-30	12 MW
4. Marketplace-McCullough 500 kV	Riverside-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		31-Oct-30	118 MW
5. Adelanto-Victorville/Lugo	Riverside-LADWP	Bi-directional	Mead-Phoenix Project Transmission Service Contract		31-Oct-30	12 MW
6. Adelanto-Victorville/Lugo	Riverside-LADWP	To Victorville	Adelanto-Victorville/Lugo 110 MW Firm Transmission Service Agmt		See Note 1	118 MW
7. Adelanto-Victorville/Lugo	Riverside-LADWP	To Victorville	IPP Base Capacity Transmission Service Agreement		See Note 2	122 MW
8. IPP-Mona Substation	Riverside-LADWP	To Victorville	IPP Additional Capacity Transmission Service Agreement		See Note 3	73 MW
9. IPP-Gonder Substation	Riverside-LADWP	Bi-directional	Northern Transmission System Agreement		See Note 4	220 MW
10. Nevada-Oregon Border-Sylmar	Riverside-LADWP	Bi-directional	Northern Transmission System Agreement		See Note 4	31 MW
11. San Onofre-Vista	Riverside-Burbank & Pasadena	Bi-directional	NOB/Sylmar 25 MW Firm Transmission Service Agreement (Seasonal: June - October)		31-Oct-04	25 MW
12. Mead 230 kV-Vista	Riverside-SCE	To Vista	Pacific Intertie Direct Current Firm Transmission Service Agreement		30-Sep-09	23 MW
13. Lugo/Victorville-Vista	Riverside-SCE	To Vista	San Onofre Nuclear Generating Station Firm Transmission Service Agmt.		See Note 5	42 MW
14. Lugo/Victorville-Vista	Riverside-SCE	To Vista	Hoover Firm Transmission Service Agreement		See Note 6	30 MW
			Intermountain Power Project Firm Transmission Service Agreement		See Note 7	156 MW
			Palo Verde Nuclear Generating Station Firm Transmission Service Agmt.		See Note 8	12 MW

Notes

1. Agreement terminates on: (i) removal of Mead-Adelanto Project from Service; or (ii) removal of Los Angeles-SCE interconnection at Victorville/Lugo.
2. Agreement terminates on: (i) June 15, 2027; or (ii) the date Riverside interconnects at Adelanto Switching Station.
3. Agreement terminates on: (i) June 15, 2027; (ii) the date Riverside interconnects at Adelanto Switching Station; or (iii) 5-year's notice by LADWP.
4. Agreement terminates on: (i) termination of LADWP's rights to the Northern Transmission System; or (ii) termination of the IPP Additional Capacity Agreement.
5. Agreement terminates on: (i) six months notice by Riverside; (ii) termination of Riverside's interest in San Onofre Nuclear Generating Station Units 2 and 3; or (iii) unacceptable FERC modification.
6. Agreement terminates on: (i) six months notice by Riverside; (ii) termination of Riverside's interest in the Boulder Canyon Project (Hoover); or (iii) unacceptable FERC modification.
7. Agreement terminates on: (i) six months notice by Riverside; (ii) termination of Riverside's interest in the Intermountain Power Project; or (iii) unacceptable FERC modification.
8. Agreement terminates on: (i) six months notice by Riverside; (ii) termination of Riverside's interest in the Palo Verde Nuclear Generating Station; or (iii) unacceptable FERC modification.

Issued by: Anthony Ivancovich, Senior Regulatory Counsel
 Issued on: September 7, 2004

Effective: Upon notice after November 1, 2004

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

Original Sheet No. 103B

Appendix A
Western Area Power Administration, Sierra Nevada Region
Transmission Rights and Interests

Path 15 Project Facilities

Western is a participant in the Path 15 Upgrade Project, which will consist of a new, single, 83-mile, 500-kilovolt (kV) transmission line and associated substation facilities extending between the PG&E Los Banos Substation in the California Central Valley (the northern terminus of the Project) and the Gates Substation (the southern terminus of the Project), including modifications at the substations to connect the line as well as reconfigurations to the Gates – Midway 230-kV line and the 115 kV line north of Midway. Voltage support facilities will also be added at the Los Banos and Gates Substations as part of the Project. Western will own the portion of the Path 15 Project Facilities consisting of the 500 kV transmission line between the Los Banos and Gates Substations.

Under the terms of the Letter Agreement (LA) approved by the Federal Energy Regulatory Commission and under the provisions of the Construction and Coordination Agreement (CCA) entered into by the Path 15 Upgrade Project participants, each participant will receive an allocation of "Transmission System Rights" in the Project. Western's allocation of Transmission System Rights under the LA and CCA is as follows:

Allocation	10%
Capacity	150 MW (Based on an estimate of 1,500 MW)

Western is turning over to ISO Operational Control all of its rights and interests in both its ownership of the Project facilities and its contract Transmission System Rights.

Issued by: Anthony Ivancovich, Senior Regulatory Counsel

Issued on: September 7, 2004

Effective: Upon notice after November 1, 2004

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

First Revised Sheet No. 227
Superseding Original Sheet No. 227

Pacific Gas and Electric Company

Name of Primary

Representative: Rod Maslowski

Title: Director, Electric System Operations

Address: 77 Beale Street, Room 1526

City/State/Zip Code: San Francisco, CA 94105

Email Address: RJM8@pge.com

Phone: 415-973-1218

Fax No: 415-973-3341

Name of Alternative

Representative: Steve Metague

Title: Director, Electric Transmission Rates

Address: 77 Beale Street, Room 1339

City/State/Zip Code: San Francisco, CA 94105

Email Address: SJMd@pge.com

Phone: 415-973-6545

Fax No: 415-973-9174

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

Original Sheet No. 236

Western Area Power Administration, Sierra Nevada Region

Name of Primary

Representative: James D. Keselburg
Title: Regional Manager
Address: 114 Parkshore Drive
City/State/Zip Code: Folsom, CA 95630-4710
Email Address: keselbrg@wapa.gov
Phone: (916) 353-4418
Fax No: (916) 985-1930

Name of Alternative

Representative: Thomas R. Boyko
Title: Power Marketing Manager
Address: 114 Parkshore Drive
City/State/Zip Code: Folsom, CA 95630-4710
Email Address: Boyko@wapa.gov
Phone: (916) 353-4421
Fax No: (916) 985-1931

ATTACHMENT B

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APPENDICES A – FACILITIES AND ENTITLEMENTS

- PG&E Appendix A and Supplement
- Edison Appendix A and Supplement
- SDG&E Appendix A and Supplement
- Vernon Appendix A
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APPENDICES B - ENCUMBRANCES

- PG&E Appendix B
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APPENDIX F – NOTICES

* * *

3.3. Withdrawal.

3.3.1 **Notice.** Subject to Section 3.3.3, any Participating TO may withdraw from this Agreement on two years' prior written notice to the other Parties. In addition, Western Area Power Administration ("Western") may be required to withdraw as a Participating TO pursuant to Section 26.14.1.

* * *

4. TRANSFER OF OPERATIONAL CONTROL

4.1. TO Facilities and Rights Provided to the ISO.

4.1.1 **ISO Controlled Grid.** Subject to Section 4.1.2 and the treatment

of Existing Contracts under Sections 2.4.3 and 2.4.4 of the ISO Tariff and subject to the applicable interconnection, integration, exchange, operating, joint ownership and joint participation agreements, each Participating TO shall place under the ISO's Operational Control the transmission lines and associated facilities forming part of the transmission network that it owns or to which it has Entitlements, except that Western shall only be required to place under the ISO's Operational Control the transmission lines and associated facilities that it owns or to which it has Entitlements as set forth in Appendix A (Western). The Initial Transmission Owners identified in Section 2.1.1 shall be deemed to have placed such transmission lines and associated facilities under the ISO's Operational Control as of the date the CPUC or its delegate declares to be the start date for direct access pursuant to CPUC Decisions 97-12-131 and 98-01-053. Any transmission lines or associated facilities that the ISO determines not to be necessary to fulfill the ISO's responsibilities under the ISO Tariff in accordance with Section 4.1.3 of this Agreement shall not be treated as part of a Participating TO's network for the purposes of this Section 4.1. The ISO shall recognize the rights and obligations of owners of jointly-owned facilities which are placed under the ISO's Operational Control by one or more but not all of the joint owners. The ISO shall, in exercise of Operational Control transferred to it, ensure that the operating obligations, as specified by the Participating TO pursuant to Section 6.4.2 of this Agreement, for the contracts referenced in Appendix B are performed. Any other terms of such contracts shall not be the responsibility of the ISO. The following transmission lines and associated facilities are also deemed not to form part of a Participating TO's transmission network:

- i. directly assignable radial lines and associated facilities

interconnecting generation (other than those facilities which may be identified from time to time interconnecting ISO Controlled Grid Critical Protective Systems or Generators contracted to provide Black Start or Voltage Support) and

ii. lines and associated facilities classified as "local distribution" facilities in accordance with FERC's applicable technical and functional test and other facilities excluded consistent with FERC established criteria for determining facilities subject to ISO Operational Control.

* * *

8. ~~AUXILIARY EQUIPMENT AND ISO CONTROLLED GRID CRITICAL PROTECTIVE SYSTEMS~~ THAT SUPPORT ISO CONTROLLED GRID OPERATIONS

8.1. ~~Designations of Auxiliary Equipment and Critical Protective Systems~~ Remedial Action Schemes, Under Frequency Load Shedding, Under Voltage Load Shedding.

Each Participating TO shall coordinate its Critical Protective Systems with the ISO, other Transmission Owners, and Generators to ensure that its Remedial Action Schemes ("RAS"), Under Frequency Load Shedding ("UFLS"), and Under Voltage Load Shedding ("UVLS") schemes function on a coordinated and complementary basis in accordance with WSCC/NERC planning, reliability, and protection policies and standards. Participating TOs that are parties to contracts affecting RAS, UFLS, and UVLS schemes shall make reasonable efforts to amend those contracts in order to permit the RAS, UFLS, and UVLS schemes to be operated in accordance with WSCC/NERC planning, reliability, and protection policies and standards and the ISO

Tariff.

Each Participating TO, in conjunction with the ISO, shall identify, describe, and provide to the ISO the functionality of all RAS for electric systems operating at 200 kV nominal voltage or higher and any other lower voltage lines that the ISO and Participating TO determine to be critical to the reliability of the ISO Controlled Grid.

Each Participating TO shall provide to the ISO a description of the functionality of UFLS and UVLS schemes that protect the security and reliability of transmission facilities on the ISO Controlled Grid.

Each Participating TO shall maintain the design, functionality, and settings of its existing RAS, UFLS, and UVLS schemes. New or existing schemes that are functionally modified must be in accordance with WSCC/NERC planning, reliability, and protection policies and standards. Each Participating TO shall notify the ISO in advance of all RAS, UFLS, and UVLS schemes functionality and setting changes that affect transmission facilities on the ISO Controlled Grid. Each Participating TO shall not disable or take clearances on RAS or UVLS schemes without the approval of the ISO through the Maintenance Outage and Forced Outage coordination process in accordance with the ISO Tariff. Clearances on UFLS may be taken without approval depending upon the armed load disabled as agreed to between the Participating TO and ISO and incorporated in the Operating Procedures.

~~8.1.1 **System Security.** The ISO shall exercise Operational Control over all facilities and sites with protective relay systems and Remedial Action Schemes that the ISO determines may have a direct impact on the ability of the ISO to maintain system security. These will be designated as ISO Controlled Grid Critical Protective~~

~~Systems. Participating TOs shall coordinate with the ISO, Generators and UDCs to ensure that ISO Controlled Grid Critical Protective Systems, including relay systems, are installed and maintained in order to function on a coordinated and complementary basis with Participating TO's, Generator's and UDC's protective systems.~~

~~8.1.2 — Remedial Action Schemes. The ISO shall exercise Operational Control over Remedial Action Schemes that are designated as ISO Controlled Grid Critical Protective Systems. Participating TOs who are parties to contracts affecting Remedial Action Schemes shall make all reasonable efforts to amend those contracts in order to permit the relevant Remedial Action Scheme to be operated in such manner as the ISO may reasonably require.~~

~~8.1.3 — Identification. The ISO, in conjunction with each Participating TO shall identify and designate all ISO Controlled Grid Critical Protective Systems operating in relation to its transmission facilities. The ISO may change the designation of facilities and sites as ISO Controlled Grid Critical Protective Systems from time to time.~~

8.2. Operation and Maintenance of Auxiliary Equipment and Critical Protective Systems.

~~8.2.1 — Operation and Maintenance. The system operation and maintenance coordination functions, including ISO Maintenance Outage authorization requirements set forth in the ISO Tariff, shall apply to auxiliary equipment associated with the facilities identified in the ISO Register.~~

~~8.2.2 — Settings and Functionality. Each Participating TO shall maintain the settings or functionality of ISO Controlled Grid Critical Protective Systems~~

and shall not change or disable such settings or functionality without the prior written agreement of the ISO.

8.2.3 — Protective Relay Systems. Each Participating TO shall continue to install, modify, maintain, repair and replace provide to the ISO protective relay systems on all of the facilities identified in Appendix A, in accordance with sound engineering judgment, WSCC and NERC criteria and Good Utility Practice functional information necessary to perform system planning and operating analysis, and to operate transmission facilities on the ISO Controlled Grid in compliance with WSCC/NERC planning, reliability and protection policies and standards.

8.32.4 Non-ISO Controlled Grid Critical Protective Relay Systems, RAS, UVLS, UFLS Schemes.

Each Participating TO may alter the settings and functionality of Changes to non-ISO controlled RAS, UFLS, UVLS schemes or protective relay systems and Remedial Action Schemes that have not been designated as ISO Controlled Grid Critical Protective Systems without the consent of the ISO, provided that such that result in changes do not reduce to the normal or emergency rating of an ISO Controlled Grid transmission facility identified in the ISO Register. If the facility rating will be reduced, the Participating TO shall obtain approval of shall be coordinated with the ISO prior to making such implementation of the changes. In addition, the Participating TO shall promptly report to the ISO any facility rating increases that result from any changes to its protective relay settings or Remedial Action Schemes.

8.2.5 — Consistency. The ISO shall develop in consultation with Participating TOs a consistent approach to protective system design and philosophy

throughout the ISO Controlled Grid to the extent that it is practical and cost effective.

* * *

10.5 Interconnection Responsibilities of Western.

Notwithstanding any other provision of this Section 10, the responsibilities of Western to allow interconnection to its Path 15 Upgrade facilities and Entitlements set forth in Appendix A (Western) shall be as set forth in Western's General Requirements for Interconnection as those requirements are set forth in Western's TO Tariff or in Western's "Open Access Transmission Tariff" ("OATT"), as applicable. Western shall be subject to the provisions of this Section 10 to the extent they are not inconsistent with the provisions of Western's TO Tariff or OATT, as applicable. Execution of this Agreement shall not constitute agreement of any Party that Western is in compliance with FERC's regulations governing interconnections.

* * *

26.3. Confidentiality.

26.3.1 ISO. The ISO shall maintain the confidentiality of all of the documents, materials, data, and or information ("Data") provided to it by any other Party that are reflects or contains: (a) Data treated as confidential or commercially sensitive under the confidentiality provisions of Section 20.3 of the ISO Tariff; (b) critical energy infrastructure information, as defined in Section 388.113(c)(1) of the FERC's regulations (c) technical information and materials that constitute valuable, confidential, and proprietary information, know-how, and trade secrets belonging to a Party, including, but not limited to, information relating to drawings, maps, reports, specifications and records and/or software, data, computer models, and related documentation; or (d) Data that

was previously public information but that was removed from public access in accordance with FERC's policy statement issued on October 11, 2001 in Docket No. PL02-1-000 in response to the September 11, 2001 terrorist attacks. In order to be subject to the confidentiality protections of this Section 26.3, Data provided by a Party to the ISO after January 1, 2005 which is to be accorded confidential treatment, as set forth above, shall be marked as "Confidential Data." Such a marking requirement, however, shall not be applicable to the Data provided by a Party to the ISO prior to January 1, 2005 so long as the Data qualifies for confidential treatment hereunder. Notwithstanding the foregoing, provided, however, that the ISO shall not keep confidential: (1) information that is explicitly subject to data exchange through WEnet or the ISO internet website pursuant to Section 6 of the ISO Tariff; (2) information that the ISO or the Party providing the information is required to disclose pursuant to this Agreement, the ISO Tariff, or applicable regulatory requirements (provided that the ISO shall comply with any applicable limits on such disclosure); or (3) the information becomes available to the public on a non-confidential basis (other than as a result of the ISO's breach of this Agreement).

* * *

26.14 Consistency with Federal Laws and Regulations

26.14.1 No Violation of Law. Nothing in this Agreement shall compel any Party to: (1) violate any federal statute or regulation; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statute, or regulation or order lawfully promulgated thereunder. No Party shall incur any liability by failing to comply with a provision of this Agreement that is inapplicable to it by reason of

being inconsistent with any federal statute, or regulation or order lawfully promulgated thereunder; provided, however, that such Party shall use its best efforts to comply with this Agreement to the extent that applicable federal laws, and regulations and orders lawfully promulgated thereunder, permit it to do so.

If Western issues or revises any federal regulation or order with the intent or effect of limiting, impairing, or excusing any obligation of Western under this Agreement, then unless Western's action was expressly directed by Congress, any Party, by giving thirty days' advance written notice to the other Parties, may require Western to withdraw from this Agreement, notwithstanding any other notice period in Section 3.3.1. If such notice is given, the ISO and Western promptly shall meet to develop arrangements needed to comply with Western's obligation under Section 3.3.3 concerning non-impairment of ISO Operational Control responsibilities.

26.14.2 **Federal Entity Indemnity.** No provision of this Agreement shall require any Participating TO to give an indemnity to Western or for Western to give an indemnity to any Participating TO. If any provision of this Agreement requiring Western to give an indemnity to the ISO or the ISO to impose a sanction on Western is unenforceable against a federal entity, the affected Party shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of this Agreement that are not enforceable against the federal entity.

26.14.3 **Recovery for Unenforceable Indemnity.** To the extent that a

Party suffers any loss as a result of being unable to enforce any indemnity as a result of such enforcement being in violation of Section 26.14.2, it shall be entitled to seek recovery of such loss through its TO Tariff or through the ISO Tariff, as applicable.

* * *

27. SIGNATURE PAGE

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

California Independent System Operator Corporation has caused this Transmission Control Agreement to be executed by its duly authorized representative on this _____ day of _____, 20____ and thereby incorporates the following Appendices in this Agreement:

- Appendices A
- Appendices B
- Appendix C
- Appendix D
- Appendices E
- Appendix F

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
151 Blue Ravine Road
Folsom, California 95630**

by: _____

**Terry M. WinterMarcie L. Edwards
President and Interim Chief Executive Officer**

28. SIGNATURE PAGE

PACIFIC GAS AND ELECTRIC COMPANY

Pacific Gas and Electric Company has caused this Transmission Control Agreement to be executed by its duly authorized representative on this _____ day of _____, 20____ and thereby incorporates the following Appendices in this Agreement:

Appendix A (PG&E)

Appendix B (PG&E)

Appendix C

Appendix D

Appendix E (Diablo Canyon)

Appendix F

**PACIFIC GAS AND ELECTRIC COMPANY
77 Beale Street
San Francisco, California 94105**

by: _____

~~Karen A. Tomcala~~Jeff Butler
Senior Vice President, Transmission & DistributionRegulatory

Relations

36. SIGNATURE PAGE

TRANS-ELECT NTD PATH 15, LLC

TRANS-ELECT NTD PATH 15, LLC has caused this Transmission Control Agreement to be executed by its duly authorized representative on this _____ day of _____, 20____ and thereby incorporates the following Appendices in this Agreement:

Appendix A (Trans-Elect)

Appendix C

Appendix D

Appendix F

**Trans-Elect NTD Path 15, LLC
1850 Centennial Park Drive
Suite 480
Reston, VA 20191**

By: _____
Perry Cole
Senior Vice President

37. SIGNATURE PAGE

WESTERN AREA POWER ADMINISTRATION, SIERRA NEVADA REGION

WESTERN AREA POWER ADMINISTRATION, SIERRA NEVADA

REGION has caused this Transmission Control Agreement to be executed by its duly

authorized representative on this _____ day of _____,

20 and thereby incorporates the following Appendices in this Agreement:

Appendix A (Western)

Appendix C

Appendix D

Appendix F

Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, CA 95630-4710

By: _____

_____ James D. Keselburg
_____ Regional Manager

**APPENDIX A: CITY OF ANAHEIM
TRANSMISSION ENTITLEMENTS**

	Point of Receipt-Delivery	Parties	Direction	CONTRACT TITLE	FERC No.	Contract Termination	Contract Amount
1	IPP-Adelanto Switching Station	Anaheim-SCPPA	Bi-directional	Southern Transmission System Transmission Service Contract		15-Jun-27	339 MW (N-S) 247 MW
2	Marketplace Substation-Adelanto Marketplace Substation-McCullough	Anaheim-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		31-Oct-30	118 MW (S-N) 118 MW
3	Westwing-Mead 500 kV Marketplace-Mead 500 kV Mead 500 kV-Mead 230 kV	Anaheim-SCPPA	Bi-directional	Mead-Phoenix Project Transmission Service Contract		31-Oct-30	47 MW 110 MW 110 MW
4	Marketplace Substation-McCullough Adelanto-Victorville/Lugo	Anaheim-LADWP	Bi-directional	Adelanto-Victorville/Lugo 110 MW Firm Transmission Service Agrmt		See Note 1	110 MW 110 MW
5	Adelanto-Victorville/Lugo	Anaheim-LADWP	North-South	IPP Base Capacity Transmission Service Agreement		See Note 2	212 MW
6	Adelanto-Victorville/Lugo	Anaheim-LADWP	North-South	IPP Additional Capacity Transmission Service Agreement		See Note 3	127 MW
7	IPP-Mona Substation IPP-Gonder Substation	Anaheim-LADWP	Bi-directional	Northern Transmission System Agreement		See Note 4	370381 MW 5354 MW
8	Nevada-Oregon Border-Sylmar	Anaheim-Burbank & Pasadena Anaheim-PNM	Bi-directional	Pacific Intertie Direct Current Firm Transmission Service Agreement		30-Sep-09	24 MW
9	San-Juan-Four Corners	Anaheim-PNM	Bi-directional	Interconnection Agreement - Service Schedule F		See Note 5	50 MW

Notes

1. Agreement terminates on: (i) removal of Mead-Adelanto Project from Service; or (ii) removal of Los Angeles-SCE interconnection at Victorville/Lugo.
2. Agreement terminates on: (i) June 15, 2027; or (ii) the date Anaheim interconnects at Adelanto Switching Station.
3. Agreement terminates on: (i) June 15, 2027; (ii) the date Anaheim interconnects at Adelanto Switching Station; or (iii) 5-year's notice by LADWP.
4. Agreement terminates on: (i) termination of LADWP's rights to the Northern Transmission System; or (ii) termination of the IPP Additional Capacity Agreement.
5. Agreement terminates on termination of Anaheim's ownership interest in San-Juan-Generating Station Unit 4.

6. Sylmar - Rio Hondo	Azusa, Edison	Uni-Directional	Edison-Azusa San Juan Unit 3 FTS	247.29	(4) See Notes	10-MW: January - April; November - December 2003
						25-MW: May - October 2003
						10 MW: CY 2004 through termination
7. Mead - Rio Hondo	Azusa, Edison	Bi-Directional	Edison-Azusa Sylmar FTS	247.24	(5) See Notes	8 MW
8. Sylmar - NOB	Azusa, Pasadena, Burbank	Bi-Directional	Pacific Intertie Direct Current FTS		(6) See Notes	3MW
9. ANPP (Devers) - Sylmar	Azusa, Los Angeles	Bi-Directional	Los Angeles - Azusa ANPP/Sylmar FTS	DWP No. 10021	(7) See Notes	10 MW
10. Victorville-Lugo - Adelanto	Azusa, Los Angeles	Bi-Directional	Los Angeles - Azusa Adelanto-Victorville/Lugo FTS	DWP No. 10345	(8) See Notes	19 MW
11. Sylmar & Rio Hondo - COB	Azusa, Edison	Uni-Directional	Edison-Azusa Pacific Intertie FTS	247	(9) See Notes	15-MW

Summary- details are in each agreement.

NOTES:

- (1) Contract Termination: Upon written agreement between the Parties to terminate the FTS Agreement or termination of Electric Service Contract, provided that the termination of FTS Agreement shall not occur prior to January 1, 2003.
- (2) Contract Termination: Upon written agreement between the Parties to terminate the FTS Agreement, termination of Azusa's entitlement to PVNGS, or termination of the Arizona Nuclear Power Project Participation, provided that the termination of the FTS Agreement shall not occur prior to January 1, 2003.

(3) Contract Termination: Upon written agreement between the Parties to terminate the FTS Agreement or termination of City's ownership in San Juan Unit 3, provided that termination of this Transmission Service Agreement shall not occur prior to January 1, 2003.

(4) Contract Termination: Same as (3)

(5) Contract Termination: Same as (3)

(6) Contract Termination: This agreement will be terminated effective September 30, 2009.

(7) Contract Termination: This agreement shall be terminated upon the earlier of: (i) 2400 hours on December 31, 2023; (ii) by mutual agreement of the Parties; (iii) thirty-six months after Los Angeles has provided written notice that the Agreement is to terminate, provided, however, such notice of termination shall not be given prior to December 31, 2000; or (iv) Azusa may elect to discontinue service under this Agreement by written notice to Los Angeles within sixty days of the mailing date of any subsequent rate for transmission service established under Section 10.3 of the Agreement. If Azusa so elects, this Agreement shall terminate on the last day of the second full month following the mailing date of Azusa's notice.

(8) Contract Termination: This agreement shall be terminated upon the earlier of: (i) four years prior written notice by either Party, which notice shall not be given before one year after the Date of Firm Operation; (ii) the date of retirement of the Mead-Adelanto Project; (iii) the date the point of interconnection on the Victorville-Lugo transmission line is permanently removed from service; (iv) the in-service date of the Adelanto-Lugo transmission line, as such date is defined pursuant to the agreements relating thereto; (v) a date determined pursuant to Section 4.3 of the Agreement; or (vi) a date mutually agreed upon by the Parties.

(9) Contract Termination: The agreement shall terminate on the earlier of: ~~(i) midnight October 31, 2003; or (ii) at least one year's written notice by City to Edison, provided such notice shall be given no earlier than January 1, 2002.~~

Point of Receipt-Delivery	Parties	Direction	Contract Title	FERC No.	Contract Termination	Contract Amount
1. Marketplace Substation-Adelanto	Banning-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		Oct 31, 2030	12 MW
2. Westwing-Mead-Marketplace 500 kV	Banning-SCPPA	Bi-directional	Mead-Phoenix Project Transmission Service Contract		Oct 31, 2030	3 MW
3. Marketplace-McCullough 500 kV	Banning-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		Oct 31, 2030	12 MW
4. ANPP-Sylmar	Banning-LADWP	Bi-directional	Mead-Phoenix Project Transmission Service Contract		See Note 1	3 MW
5. Adelanto-Victorville/Lugo	Banning-LADWP	To Victorville	ANPP/Sylmar 15 MW Transmission Service Agreement		See Note 2	15 MW
6. Nevada-Oregon Border-Sylmar	Banning-Burbank & Pasadena	Bi-directional	Adelanto-Victorville/Lugo Firm Transmission Service Agreement		Sep 30, 2009	1 MW
7. Victorville/Lugo-Devers 115 kV	Banning-SCE	To Devers	Pacific Intertie Direct Current Firm Transmission Service Agreement		See Note 3	3 MW
8. Victorville/Lugo-Devers 115 kV	Banning-SCE	To Devers	Palo Verde Nuclear Generating Station Firm Transmission Service Agreement		See Note 4	5 MW
9. Mead 230 kV-Devers 115 kV	Banning-SCE	To Devers	Sylmar Firm Transmission Service Agreement		See Note 5	2 MW
10. Devers 500 kV-Devers 115 kV	Banning-SCE	To Devers	Hoover Firm Transmission Service Agreement		See Note 6	15 MW
11. Devers-500-kV-Devers-115-kV	Banning-SCE	To-Devers	1995 San Juan Unit 3 Firm Transmission Service Agreement		Dec-31-,2003	5-MW
12. California-Oregon Border-Sylmar	Banning-SCE	To-Sylmar	1997-Pasadena-PSA Firm Transmission-Service Agreement		Oct-31-,2003	-5-MW
			Pacific-Intertie Firm Transmission-Service Agreement (Seasonal: May - October)			

Notes

1. Agreement terminates on: (i) December 31, 2023; or (ii) 36-months notice by LADWP.
2. Agreement terminates on: (i) 4-years written notice by either party; or (ii) the date of retirement of the Mead-Adelanto Project; (iii) the date the point of interconnection on the Victorville/Lugo line is permanently removed from service; (iv) the in-service date of the Adelanto-Lugo transmission line, as such date is defined pursuant to the agreements relating thereto.
3. Agreement terminates on: (i) twelve months notice by Banning; (ii) termination of Banning's interest in Palo Verde Nuclear Generating Station Unit 2; or (iii) unacceptable FERC modification.
4. Agreement terminates on: (i) twelve months notice by Banning; (ii) termination of Banning's interest San Juan Unit 3; or (iii) unacceptable FERC modification.
5. Agreement terminates on: (i) twelve months notice by Banning; (ii) termination of the Electric Service Contract between Western and Banning; or (iii) unacceptable FERC modification.
6. Agreement terminates on: (i) twelve months notice by Banning; (ii) termination of Banning's interest San Juan Unit 3; or (iii) unacceptable FERC modification.

Point of Receipt-Delivery	Parties	Direction	CONTRACT TITLE	FERC No.	Contract Termination	Contract Amount
1. IPP-Adelanto Switching Station	Riverside-SCPPA	Bi-directional	Southern Transmission System Transmission Service Contract		15-Jun-27	N-S 195 MW S-N 142 MW 118 MW
2. Marketplace Substation-Adelanto	Riverside-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		31-Oct-30	12 MW
3. Westwing-Mead-Marketplace 500 kV	Riverside-SCPPA	Bi-directional	Mead-Phoenix Project Transmission Service Contract		31-Oct-30	118 MW
4. Marketplace-McCullough 500 kV	Riverside-SCPPA	Bi-directional	Mead-Adelanto Project Transmission Service Contract		31-Oct-30	12 MW
5. Adelanto-Victorville/Lugo	Riverside-LADWP	Bi-directional	Mead-Phoenix Project Transmission Service Contract Adelanto-Victorville/Lugo 110 MW Firm Transmission Service Agmt		See Note 1	118 MW
6. Adelanto-Victorville/Lugo	Riverside-LADWP	To Victorville	IPP Base Capacity Transmission Service Agreement		See Note 2	122 MW
7. Adelanto-Victorville/Lugo	Riverside-LADWP	To Victorville	IPP Additional Capacity Transmission Service Agreement		See Note 3	73 MW
8. IPP-Mona Substation	Riverside-LADWP	Bi-directional	Northern Transmission System Agreement		See Note 4	175220 MW
9. Nevada-Oregon Border-Sylmar	Riverside-LADWP	Bi-directional	Northern Transmission System Agreement		See Note 4	2531 MW
10. Nevada-Oregon Border-Sylmar	Riverside-Burbank & Pasadena	Bi-directional	NOB/Sylmar 25 MW Firm Transmission Service Agreement (Seasonal: June - October)		31-Oct-04	25 MW
11. San Onofre-Vista	Riverside-SCE	To Vista	Pacific Intertie Direct Current Firm Transmission Service Agreement		30-Sep-09	23 MW
12. Mead 230 kV-Vista	Riverside-SCE	To Vista	San Onofre Nuclear Generating Station Firm Transmission Service Agmt.		See Note 5	42 MW
13. Lugo/Victorville-Vista	Riverside-SCE	To Vista	Hoover Firm Transmission Service Agreement		See Note 6	30 MW
14. Lugo/Victorville-Vista	Riverside-SCE	To Vista	Intermountain Power Project Firm Transmission Service Agreement Palo Verde Nuclear Generating Station Firm Transmission Service Agmt.		See Note 7	156 MW

Notes

1. Agreement terminates on: (i) removal of Mead-Adelanto Project from Service; or (ii) removal of Los Angeles-SCE interconnection at Victorville/Lugo.
2. Agreement terminates on: (i) June 15, 2027; or (ii) the date Riverside interconnects at Adelanto Switching Station.
3. Agreement terminates on: (i) June 15, 2027; (ii) the date Riverside interconnects at Adelanto Switching Station; or (iii) 5-year's notice by LADWP.
4. Agreement terminates on: (i) termination of LADWP's rights to the Northern Transmission System; or (ii) termination of the IPP Additional Capacity Agreement.
5. Agreement terminates on: (i) six months notice by Riverside; (ii) termination of Riverside's interest in San Onofre Nuclear Generating Station Units 2 and 3; or (iii) unacceptable FERC modification.
6. Agreement terminates on: (i) six months notice by Riverside; (ii) termination of Riverside's interest in the Boulder Canyon Project (Hoover); or (iii) unacceptable FERC modification.
7. Agreement terminates on: (i) six months notice by Riverside; (ii) termination of Riverside's interest in the Intermountain Power Project; or (iii) unacceptable FERC modification.
8. Agreement terminates on: (i) six months notice by Riverside; (ii) termination of Riverside's interest in the Palo Verde Nuclear Generating Station; or (iii) unacceptable FERC modification.

Appendix A
Western Area Power Administration, Sierra Nevada Region
Transmission Rights and Interests

Path 15 Project Facilities

Western is a participant in the Path 15 Upgrade Project, which will consist of a new, single, 83-mile, 500-kilovolt (kV) transmission line and associated substation facilities extending between the PG&E Los Banos Substation in the California Central Valley (the northern terminus of the Project) and the Gates Substation (the southern terminus of the Project), including modifications at the substations to connect the line as well as reconfigurations to the Gates – Midway 230-kV line and the 115 kV line north of Midway. Voltage support facilities will also be added at the Los Banos and Gates Substations as part of the Project. Western will own the portion of the Path 15 Project Facilities consisting of the 500 kV transmission line between the Los Banos and Gates Substations.

Under the terms of the Letter Agreement (LA) approved by the Federal Energy Regulatory Commission and under the provisions of the Construction and Coordination Agreement (CCA) entered into by the Path 15 Upgrade Project participants, each participant will receive an allocation of "Transmission System Rights" in the Project. Western's allocation of Transmission System Rights under the LA and CCA is as follows:

<u>Allocation</u>	<u>10%</u>
<u>Capacity</u>	<u>150 MW (Based on an estimate of 1,500 MW)</u>

Western is turning over to ISO Operational Control all of its rights and interests in both its ownership of the Project facilities and its contract Transmission System Rights.

APPENDIX D -- MASTER DEFINITION SUPPLEMENT

Business Day

A day on which banks are open to conduct general banking business in California. Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

Pacific Gas and Electric Company

Name of Primary

Representative: Rod Maslowski

Title: Director, Electric System Operations

Address: 77 Beale Street, Room 1526

City/State/Zip Code: San Francisco, CA 94105

Email Address: RJM8@pge.com

Phone: 415-973-1218

Fax No: 415-973-3341

Name of Alternative

Representative: Judi MosleySteve Metague

Title: Director, Interconnection ServicesElectric Transmission

Rates

Address: 77 Beale Street, Room 13551339

City/State/Zip Code: San Francisco, CA 94105

Email Address: JKM8@PGE.COMSJMd@pge.com

Phone: 415 973-44086545

Fax No: 415 973-78919174

Western Area Power Administration, Sierra Nevada Region

Name of Primary

Representative: James D. Keselburg

Title: Regional Manager

Address: 114 Parkshore Drive

City/State/Zip Code: Folsom, CA 95630-4710

Email Address: keselbrg@wapa.gov

Phone: (916) 353-4418

Fax No: (916) 985-1930

Name of Alternative

Representative: Thomas R. Boyko

Title: Power Marketing Manager

Address: 114 Parkshore Drive

City/State/Zip Code: Folsom, CA 95630-4710

Email Address: Boyko@wapa.gov

Phone: (916) 353-4421

Fax No: (916) 985-1931

ATTACHMENT C

eLibrary link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: _____