

**POSSIBLE PEFA AMENDMENTS FOR ORDER 1000 DISCUSSION
PURPOSES – BECAUSE THIS IS A CONTRACT, INTERESTED
PERSONS ARE ASKED TO PROVIDE INPUT ON THE ORDER 1000
CONCEPTS CONTAINED IN THIS DRAFT, NOT SUGGESTIONS OR
EDITS ON SPECIFIC CONTRACT LANGUAGE**

NOT REVIEWED OR APPROVED BY ANY PLANNING PARTY (6/12/12)

(Third Amended and Restated PEFA)

COLUMBIAGRID

PLANNING AND EXPANSION FUNCTIONAL AGREEMENT

RECITALS

A. ColumbiaGrid is intended to promote, in the public interest, coordinated and reliable planning, expansion, and operation of the interconnected transmission systems in the Pacific Northwest, taking into consideration environmental concerns, regional interests, public policy, efficiency, and cost-effectiveness.

B. This functional agreement (“Agreement”) is intended to support and facilitate multi-system planning through a coordinated, open, and transparent process and is intended to facilitate transmission expansion based upon such planning. This public planning process is open to all interested persons.

C. The ColumbiaGrid transmission planning process will evaluate transmission needs, including those driven by Public Policy Requirements.

D. ColumbiaGrid will prepare biennial transmission plans based on the principle of single-utility planning that, over a ten-year planning horizon, is intended to identify and resolve projected needs on the transmission systems of parties to this Agreement for serving existing long-term firm transmission obligations. ColumbiaGrid will facilitate an open and transparent planning process designed to promote consensus among affected entities to address such projected needs that affect more than one transmission system. If such consensus is not reached, ColumbiaGrid staff will propose transmission projects to resolve such projected needs, including cost and benefit allocation, and submit such transmission projects to the ColumbiaGrid Board for approval.

~~DE.~~ ColumbiaGrid will assume the obligations of Northwest Area Coordinator for submissions of planning data to the Western Electric Coordinating Council on behalf of the parties to this Agreement, and may also play an informational role in other regional transmission planning committees and work groups.

~~EF.~~ The ColumbiaGrid transmission project planning process will evaluate non-transmission alternatives that are proposed in the planning process and that ~~delay~~defer or eliminate a need for transmission projects.

~~FG.~~ The ColumbiaGrid planning process and biennial plans will also address transmission projects needed to serve new transmission and interconnection requests to the transmission system owners or operators that are parties to this Agreement and ~~address~~will address expansions sponsored by ~~such~~parties to this Agreement. The biennial plans will also list transmission projects developed by individual parties to the Agreement to address deficiencies affecting only their individual transmission systems.

H. Any entity that owns or operates, or proposes to own or operate, transmission or generation facilities in the Pacific Northwest (incumbent or non-incumbent) or with a planning responsibility for transmission facilities in the Pacific Northwest may become a Party to this Agreement.

AGREEMENT

THIS PLANNING AND EXPANSION FUNCTIONAL AGREEMENT is entered into as of January 17, 2007, as amended on January 16, 2008, and as further amended and restated as of _____, by and among Avista Corporation; the Bonneville Power Administration (“Bonneville”); Public Utility District No. 1 of Chelan County, Washington; Public Utility District No. 1 of Cowlitz County, Washington, Public Utility District No. 1 of Douglas County, Washington, Public Utility District No. 2 of Grant County, Washington; Puget Sound Energy, Inc.; the City of Seattle, a municipal corporation of the State of Washington, acting by and through its City Light Department; Public Utility District No. 1 of Snohomish County, Washington; the City of Tacoma, Department of Public Utilities, Light Division (dba Tacoma Power); Enbridge, Inc., and ColumbiaGrid, a Washington state nonprofit corporation.

1. ~~1.~~ Definitions

1.1 “Affected Persons” with respect to a Project means those Planning Parties and Persons that would bear Material Adverse Impacts from such Project or are otherwise materially affected by such Project.

1.2 “Agreement Limiting Liability Among Western Interconnected Systems” or “WIS Agreement” means at any time the Agreement Limiting Liability Among Western Interconnected Systems as it may have then been amended.

1.3 “Allocated Share” with respect to each Payor means at any time the percentage for such Payor as determined by ColumbiaGrid pursuant to the formula set forth in section 8.4,

as such percentage may have then been adjusted pursuant to sections 8.5 or 8.6; *provided that* the Allocated Share of any New Payor of any Invoice submitted to such New Payor pursuant to section 8.8.3 shall be equal to the \$10,000 amount of such Invoice.

1.4 “Biennial Plan” means each biennial transmission plan adopted by the Board pursuant to section 2. A “Draft Biennial Plan” refers to a draft of a Biennial Plan presented by Staff to the Board for adoption pursuant to section 2 but not yet adopted by the Board.

1.5 “Board of Directors” or “Board” means the Board of Directors of ColumbiaGrid.

1.6 “Bylaws” means the then current bylaws of ColumbiaGrid.

1.7 “Capacity Increase Project” means a voluntary modification of the Regional Interconnected Systems if and to the extent that it is

(i) for the purpose of increasing providing new or increased transmission capacity (e.g., increased rating or improved availability) on the Regional Interconnected Systems;

(ii) voluntarily undertaken by one or more Planning Parties; and

(iii) not an Existing Obligation Project or Requested Service Project.

A “Proposed Capacity Increase Project” means a proposal for a Capacity Increase Project at such time as it is being discussed in the planning process, whether that be for purposes of identifying unmitigated Material Adverse Impacts of such Project or for purposes of developing the Project under section 8 of Appendix A.

1.8 “Claims Committee” means a committee established pursuant to section 13.4 of this Agreement upon the receipt of a claim or prior to such time.

1.9 “Commission” means the Federal Energy Regulatory Commission or any successor entity.

1.10 “Confidential Information” shall mean: all information, regardless of the manner in which it is furnished, marked as “Confidential Information” at the time of its furnishing; *provided that* Confidential Information shall not include information: (1) in the public domain or generally available or known to the public; (2) disclosed to a recipient by a Third Person who had a legal right to do so; (3) independently developed by the receiving Party or known to such Party prior to its disclosure under this Agreement; (4) normally disclosed by entities in the Western Interconnection without limitation; (5) disclosed in aggregate form; or (6) required to be disclosed without a protective order or confidentiality agreement by subpoena, law or other directive of a court, administrative agency or arbitration panel.

1.11 “CPI Index/GNP Deflator” means the Consumer Price Index for Portland, published monthly by the U.S. Department of Labor, Bureau of Labor Statistics, or, if the U.S. Department of Labor discontinues the publication of the CPI Index, or alters the same in some other material manner, then a substitute index or substitute procedure as selected by

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ColumbiaGrid that reasonably reflects and monitors changes in consumer prices similar to the altered or discontinued index.

1.12 “Critical Energy Infrastructure Information” or “CEII” means information as defined in 18 C.F.R. § 388.113(c), as may be amended from time to time, about existing and proposed systems or assets, whether physical or virtual, relating to the production, generation, transportation, transmission, or distribution of energy that could be useful to a person in planning an attack on such systems or assets, the incapacity or destruction of which would negatively affect security, economic security, or public health or safety.

1.13 “Designated Person” with respect to a form of Facilities Agreement means each of the Persons designated as such pursuant to section 6.1 by ColumbiaGrid in such form.

1.14 “Effective Date” means April 4, 2007. The modifications contained in the date this Third Amended and Restated Agreement becomes shall become effective as set out in section-17.

1.15 “Electric System” has the meaning given for the words “electric system” in the WIS Agreement and means (a) electric distribution facilities or (b) generation facilities or (c) transmission facilities, or any combination of the three, and includes transmission lines, distribution lines, substations, switching stations, generating plants, and all associated equipment for generating, transmitting, distributing or controlling flow of power. The Electric System of a Person includes the facilities of another entity operated or controlled by such Person. “Electric System” includes any devices or equipment (1) by which information is originated on an electric system or by the Person operating such system, (2) by which such information is transmitted, and (3) by which such information is received either for information or for operation of a system, whether by the originating system or by another system.

~~**1.16**~~ **1.16.** “EOP Need” means any projected inability of a Transmission Owner or Operator Planning Party (anticipated to occur during the Planning Horizon) to serve, consistent with the Planning Criteria,

(i) its network or native load customer obligations, if any, as those terms are defined in such Transmission Owner or Operator Planning Party’s Open Access Transmission Tariff; and

(ii) other existing long-term firm transmission obligations.

1.17 “Existing Obligation Project” or “EOP” means any modification to be made to the Regional Interconnected Systems if and to the extent that it is

(i) for the purpose of meeting an EOP Need on a TOPP’s system;

(ii) not a Single System Project; and

(iii) approved by the Board and included as an EOP in a Plan.

A “Proposed Existing Obligation Project” or “Proposed EOP” means a proposal for an EOP at such time as it is being proposed in the planning process; a “Recommended Existing Obligation Project” or “Recommended EOP” means a recommendation, developed by the agreement of Affected Persons pursuant to section 5 of Appendix A, for an EOP that is included as such in a Draft Biennial Plan or Draft Plan Update; a “Staff-Recommended Existing Obligation Project” or “Staff-Recommended EOP” means a recommendation, made by Staff pursuant to section 5.4 of Appendix A, for a Near-Term Existing Obligation Project that is included as such in a Draft Biennial Plan or Draft Plan Update.

1.1718 “Expanded Scope Project” means any Project if and to the extent that it is expanded pursuant to section 9 of Appendix A.

1.1819 “Facilities Agreement” means an agreement tendered by ColumbiaGrid to Designated Parties for purposes of effectuating an EOP pursuant to section 6.

1.1920 “Facilities Petition” means, with respect to an Existing Obligation Project, a petition by a Planning Party or any other Person to the Commission seeking relief in respect of a refusal or failure, by any Designated Person(s) that is named as a party in the form of Facilities Agreement for such Existing Obligation Project and is tendered such form pursuant to section 6.2, to enter into such agreement or to build or pay for the facilities identified in such Facilities Agreement in accordance with the terms thereof.

1.2021 “Facilities Petition Intervention” means, with respect to a Facilities Petition, an intervention by ColumbiaGrid in the Commission proceeding in which such Facilities Petition has been filed; *provided that* any Planning Party may intervene in a proceeding with respect to a Facilities Petition.

1.2122 “Interested Person” means any Person (including, but not limited to, any Non-Incumbent Transmission Developer or Merchant Transmission Developer) who has expressed an interest in the business of ColumbiaGrid and has requested notice of its public meetings. Such Interested Persons will be identified on the Interested Persons List compiled by ColumbiaGrid in accordance with Section 4.2 of the ColumbiaGrid Bylaws.

1.2223 “Invoice” means an invoice submitted by ColumbiaGrid to all Payors (or to a New Payor) pursuant to section 8.8 for services rendered and corporate overhead under section 8.2.

1.2324 “Material Adverse Impacts” with respect to a Project means a reduction of transmission capacity on a transmission system (or other adverse impact on such transmission system that is generally considered in transmission planning in the Western Interconnection) due to such Project that is material, that would result from a Project, and that is unacceptable to the Person that owns or operates such transmission system. For purposes of this Agreement, Material Adverse Impacts of a Project are considered mitigated if there would not be any Material Adverse Impacts due to such Project.

1.2425 “Maximum Payor Obligation” for each Payor means the maximum total of Payment Amounts (specifically excluding any interest such Payor is obligated to pay under

section 8.8.6.3 due to such Payor's failure to pay its Allocated Share of a Payment Amount when due) such Payor is obligated to pay under section 8.3 of this Agreement.

1.2526 "Maximum Total Payment Obligation" or "MTPO" means the maximum total of Payment Amounts (specifically excluding any interest any Payor is obligated to pay under section 8.8.6.3 due to such Payor's failure to pay its Allocated Share of a Payment Amount when due), which maximum total, for each Payment Cycle, is the sum to be provided to ColumbiaGrid in the aggregate by the Payors. The Maximum Total Payment Obligation equals

- (i) an amount equal to \$4,200,000 for a Payment Cycle, as such amount may be adjusted by the CPI/GNP Deflator pursuant to section 8.1.2, or
- (ii) such other amount for a Payment Cycle as may be required pursuant to section 8.1.3, as such amount may be subsequently adjusted by the CPI/GNP Deflator pursuant to section 8.1.2;

provided that in the event the first Payment Cycle is less than two fiscal years to allow for the alignment of the Payment Cycle and Planning Cycle and to allow Payment Cycles after the first Payment Cycle to commence at the beginning of a ColumbiaGrid fiscal year, the Maximum Total Payment Obligation for the first Payment Cycle shall be prorated to reflect the actual length of the first Payment Cycle.

1.261.27 "Merchant Transmission Developer" means any Person that develops or operates, or proposes to develop or operate, transmission facilities in the ColumbiaGrid Order 1000 Planning Region and intends to recover its costs through negotiated rates and is therefore not eligible to request Order 1000 Cost Allocation for such facilities.

1.28 "Near-Term Existing Obligation Project" or "Near-Term EOP" means, at any time, an Existing Obligation Project that must be commenced prior to the end of the then next Planning Cycle in order to have sufficient lead time for implementation to meet the EOP Need giving rise to such Existing Obligation Project.

1.29 "Need" means any of the following Needs as identified in a System Assessment pursuant to section 3 of Appendix A: EOP Need, Need for a Requested Service Project, Need for a Capacity Increase Project, and Need for a Single System Project.

1.2830 "Need Statement" means, with respect to a Need, a statement developed by Staff pursuant to section 3 of Appendix A and included for informational purposes in a Plan. A "Draft Need Statement" means a proposal for a Need Statement presented by Staff to the Board for review and comment.

1.2931 "New Payor" means a Qualified Person that enters into this Agreement, and thereby becomes a Planning Party, subsequent to the Effective Date by executing a counterpart of this Agreement and delivering it to each Party; *provided that* a consortium of similarly situated Planning Parties, none of which operates a control area, may elect at the time they enter into this Agreement to be designated as a single Payor and shall thereby become jointly and

severally liable for the Payment Cycle fixed payment amount (of \$50,000) pursuant to section 8.4 and the New Payor fee (of \$10,000) pursuant to section 8.8.3.

1.301.32 “Non-Incumbent Transmission Developer” means any Person that develops owns or operates, or proposes to develop, own or operate, transmission facilities in the Regional Interconnected Systems, which Person does not have an existing service territory or other footprint in the Regional Interconnected Systems or a transmission provider that proposes to develop or own ~~[[transmission facilities]]~~ ~~[[a Project]]~~ outside of its existing service territory or footprint.

1.33 “Non-Transmission Alternative” means an alternative that does not involve the construction of high voltage transmission facilities and that ColumbiaGrid has determined would result in the elimination or ~~delay/defer~~ of a Need by modifying the loads and/or resources reflected in the system assessments. Examples of such alternatives that may constitute Non-Transmission Alternatives may include demand-side load reduction programs, peak-shaving projects, and distributed generation. The following examples are specifically excluded from Non-Transmission Alternatives: remedial action schemes, shunt capacitors, and reconductoring.

1.3134 “Open Access Transmission Tariff” or “OATT” means, for each Transmission Owner or Operator Planning Party, such Transmission Owner or Operator Planning Party’s open access transmission tariff and, if such Transmission Owner or Operator Planning Party does not have such a tariff, the Commission’s pro forma open access transmission tariff.

1.321.35 “Order 1000” means the Federal Energy Regulatory Commission’s Order No. 1000¹ as it may be amended, supplemented or superseded from time to time.

1.36 “Order 1000 Beneficiary” means a TOPP that is identified in an Order 1000 Cost Allocation Report as a TOPP that would receive a Benefit as a direct result of an Order 1000 Project.

1.37 “Order 1000 Benefits” means with respect to a TOPP and an Order 1000 Project:

(i) the Net Present Value of the net costs over the Planning Horizon (a) that such TOPP is projected to avoid due to a displacement or deferral of transmission facilities, including a Single System Project, as a direct result of such Order 1000 Project and (b) that such TOPP would otherwise bear to meet a Need and would not directly assign to a customer; and

(ii) To the extent not reflected in (i), the value that such TOPP realizes on its Transmission System that results from such Project, where such value is equal to the lesser of:

¹ Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, 136 FERC ¶ 61,051 (2011) (Order No. 1000), order on reh’g and clarification, 139 FERC ¶ 61,132 (2012) (Order No. 1000-A).

(a) the Net Present Value of the cost that the TOPP would have otherwise incurred to achieve an equivalent increase in capacity on its Transmission System equivalent to that resulting from the Project; or

(b) the Net Present Value of increases and decreases in revenues to a TOPP resulting from the Project that are based on estimated changes of usage that are projected using a robust economic analysis (including but not limited to production cost, power flow, and stability analyses, as appropriate, and evaluation of transmission queues, as appropriate) and repeatable over a wide range of reasonable assumptions to result from such capacity over the Planning Horizon.

An increase in capacity of a Transmission System of a TOPP that results from any Project shall be deemed to be owned by such TOPP unless otherwise agreed to by such TOPP.

1.38 “Order 1000 ColumbiaGrid Planning Region” means the Transmission Systems a Planning Party owns or proposes to develop or own in the RIS. ColumbiaGrid Order 1000 Planning Region specifically excludes any facilities or proposed facilities located in another planning region under Order 1000. *[More work needed to make sure that if a TOPP participates in more than one regional planning process, that its facilities are included in a single planning region.] Another option* - ColumbiaGrid Order 1000 Planning Region specifically excludes any facilities owned or operated or proposed to be owned or operated by a Person other than a TOPP located in another planning region under Order 1000.

1.39 “Order 1000 Cost Allocation” means an allocation, using the Order 1000 Cost Allocation Methodology, pursuant to section 10 of Appendix A of costs among one or more TOPPs of costs of an Order 1000 Project.

1.40 “Order 1000 Cost Allocation Methodology” means the cost allocation methodology set out in section 10 that is to be applied by ColumbiaGrid in selecting a Project for Order 1000 Cost Allocation and making an Order 1000 Cost Allocation of the costs of an Order 1000 Project.

1.41 “Order 1000 Cost Allocation Report” means, with respect to a specific Order 1000 Project, the results of and documentation relating to ColumbiaGrid’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including the identified Order 1000 Benefits and Order 1000 Beneficiaries of the Order 1000 Project and an explanation of the Order 1000 Benefits of such project and, with regard to any Project for which Order 1000 Cost Allocation was requested in accordance with section 10 but that was not selected as an Order 1000 Project, an explanation of why such Project was not selected as an Order 1000 Project.

1.42 “Order 1000 Net Present Value” means, [[with respect to costs or revenues (or net costs), the net present value of the estimate of such costs or revenues (or net costs), where any such estimates are developed using a robust analysis [[and analyzed under a reasonable range of assumptions]] and where such net present value is calculated with a discount factor determined as follows: ____].]

1.43 “Order 1000 Preliminary Cost Allocation Report” means, with respect to an proposed Order 1000 Project for which a TOPP, that could potentially be allocated costs relating to such project, has timely requested that such project be selected for purposes of Order 1000 Cost Allocation, the Staff’s results of and documentation relating to ColumbiaGrid’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including the comments of the relevant Study Team’s participants.

1.44 “Order 1000 Project” means any Project for which a TOPP that could potentially be allocated costs relating to such project has timely requested Order 1000 Cost Allocation and that has been selected for Order 1000 Cost Allocation, which project

(i) is to modify one or more Transmission Systems; or

(ii) a Planning Party proposes to own or operate in the RIS;

but that does not include facilities if and to the extent they are not owned by a TOPP to be located in another planning region under Order 1000; provided that such project has not been withdrawn as an Order 1000 Project pursuant to section 10.

1.45 “Order 1000 Sponsor” means, with respect to an Order 1000 Project, any TOPP that (i) proposes to develop, own or operate facilities of such Order 1000 Project and (ii) requests an Order 1000 Cost Allocation for the costs of such Order 1000 Project in accordance with [section 10](#).

1.46 “Pacific Northwest” means the (i) sub region within the Western Interconnection comprised of Alberta, British Columbia, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming and (ii) any portions of the area defined in 16 U.S.C. § 839a(14) that are not otherwise included in (i).

1.3347 “Party” means a signatory to this Agreement.

1.3448 “Payment Amount” means the total amount of payment to be provided to ColumbiaGrid by the Payors (or by a New Payor(s)) in the aggregate pursuant to section 8.3 in response to an Invoice.

1.3549 “Payment Cycle” means each period of two consecutive ColumbiaGrid fiscal years for which the budget for provision of services under this Agreement is to be prepared; *provided that* ColumbiaGrid shall endeavor to align its Planning Cycle with its Payment Cycle; *provided further that* the first Payment Cycle may be for a period less than two such fiscal years to allow for alignment of the Payment Cycle and Planning Cycle and to allow each Payment Cycle after the first Payment Cycle to commence at the beginning of a ColumbiaGrid fiscal year. For purposes of this Agreement, a fiscal year shall be a twelve-month period.

1.3650 “Payor” means each Planning Party; *provided that* a consortium of similarly situated Planning Parties, none of which operates a control area, may elect at the time they enter into this Agreement to be designated as a single Payor and shall thereby become jointly and severally liable for the Payment Cycle fixed payment amount (of \$50,000) pursuant to

section 8.4 and the New Payor fee (of \$10,000) pursuant to section 8.8.3; *provided further that* each such Planning Party shall otherwise be a separate Planning Party under this Agreement.

1.3751 “Person” means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, joint operating entity, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, government entity or political subdivision thereof (including a federal power marketing administration), or organization recognized as a legal entity by law in the United States or Canada.

1.3852 “Plan” means at any time the then current Biennial Plan, as then revised by any Plan Updates. A “Draft Plan” refers to a Draft Biennial Plan or a Draft Plan Update.

1.3953 “Plan of Service” means the technical modifications to the Regional Interconnected Systems to be effected by a Project-~~(s)~~.

1.4054 “Plan Update” means an update to the then current Plan adopted by the Board pursuant to section 2.4. A “Draft Plan Update” means a plan update presented by Staff to the Board for adoption but not yet adopted by the Board.

1.4155 “Planning Criteria” means the then current planning standards that ColumbiaGrid shall apply, as provided in section 2 of Appendix A, in any system assessment, System Assessment Report, or ~~Needs~~Need Statement.

1.4256 “Planning Cycle” means a period of approximately 24 months during which a Draft Biennial Plan is to be prepared and presented to the Board for adoption and during which a Biennial Plan is to be subsequently adopted by the Board.

1.4357 “Planning Horizon” means, with respect to any Biennial Plan (or Plan Update), the period for which the system assessment for such Biennial Plan (or Plan Update) is made, which period shall be the longer of (i) ten years or (ii) the planning period required by the Commission in its pro forma OATT, as it may be amended from time to time.

1.4458 “Planning Party” means each Party other than ColumbiaGrid.

1.4559 “Project” means any of the following ~~(including any expansion in the Plan of Service therefor pursuant to section 9 of Appendix A)~~ included in a Plan: (i) Capacity Increase Project, (ii) Existing Obligation Project, (iii) Requested Service Project, or (iv) Single System Project. A Project may be classified as one or more of the foregoing types of projects. [[A Project that is classified as more than one of the foregoing types is sometimes referred to in this Agreement as a "Project with Multiple Classifications".]]

1.4660 “Public Policy Requirements” means enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level.

1.61 “Qualified Person” means (i) any Person ~~(including any TOPP, any Non-Incumbent Transmission Developer or Merchant Transmission Developer)~~ that develops, owns
10 – DRAFT FOR DISCUSSION PURPOSES ONLY; NOT REVIEWED OR APPROVED BY ANY PEFA PARTY; WORK IN PROGRESS THAT WILL CHANGE

or operates, or proposes to develop, own or operate, an Electric System in the Pacific Northwest or (ii) any Person that has an obligation under state, provincial, or federal law to engage in transmission planning or expansion activities in the Pacific Northwest.

1.4762 “Regional Interconnected Systems” or “RIS” means the interconnected transmission systems in the Pacific Northwest.

1.4863 “Remaining Maximum Total Payment Obligation” means, at any time during the Term, the amount of Maximum Total Payment Obligation for which Invoices have not been issued. Upon the addition of a New Payor, the Remaining Maximum Total Payment Obligation shall equal the Maximum Total Payment Obligation minus the sum of (i) the aggregate of all Invoices as of the date the New Payor executes and delivers this Agreement to each Party plus (ii) the Payment Amount requested by the Initial Invoice to such New Payor pursuant to section 8.8.3.

1.4964 “Requested Service Assessment” means, with respect to a request to a TOPP for study related to a transmission service or interconnection, an assessment of the effect of such request on such TOPP’s Transmission System and on other transmission systems.

1.5065 “Requested Service Project” means any modification of the Regional Interconnected Systems if and to the extent that it

- (i) is for the purpose of providing service pursuant to a transmission service or interconnection request made to a TOPP; and
- (ii) involves more than one Transmission System.

A “Proposed Requested Service Project” means a proposal for a Requested Service Project at such time as it is being proposed in the planning process under this Agreement; a

“Recommended Requested Service Project” means a recommendation for a Requested Service Project that is developed by the agreement of Affected Persons and that is included in a Plan; a

“Staff-Recommended Requested Service Project” means a recommendation by the Staff for a Requested Service Project following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Requested Service Project.

1.5166 “Single System Project” means any modification of a single Transmission System that

- (i) is for the purpose of meeting a Need that impacts only such single Transmission System;
- (ii) does not result in Material Adverse Impacts on any transmission system; and
- (iii) is included as a Single System Project in a Plan.

1.5267 “Staff” means the ColumbiaGrid staff, officers, or consultants hired or retained by ColumbiaGrid to perform the Staff’s responsibilities under this Agreement. The activities of
11 – DRAFT FOR DISCUSSION PURPOSES ONLY; NOT REVIEWED OR APPROVED BY ANY PEFA PARTY; WORK IN PROGRESS THAT WILL CHANGE

Staff under this Agreement will be performed under the supervision and guidance of the ColumbiaGrid Board.

1.5368 “Study Team” with respect to a Project being defined means a team that is comprised of ColumbiaGrid and the following that choose to participate in such team: (i) any Planning Parties, (ii) any Affected Persons identified with respect to such Project, and (iii) any Interested Persons; *provided that* the Study Team for a Requested Service Project shall include only ColumbiaGrid and Affected Persons identified with respect to such Project. ~~The Study Team for an Existing Obligation Project will develop solution(s) to meet the Need giving rise to such Existing Obligation Project. The Study Team for a Requested Service Project will develop a Project to serve the request giving rise to such Requested Service Project. The Study Team for any other Project will assist in either the identification or mitigation of Material Adverse Impacts, if any, resulting from such Project or, depending upon the type of Project and the election of the Project sponsor(s), participate in the planning of such Project.~~

1.5469 “Supporting Planning Parties” for an EOP means: (i) all Planning Parties that have not opted pursuant to section 6.3 to institute, or that do not intervene on their own behalf in, a Commission proceeding on a Facilities Petition with respect to such EOP.

1.5570 “System Assessment Report” means each system assessment report developed by Staff pursuant to section 3 in Appendix A.

1.5671 “Third Person” means any Person other than a Party.

1.5772 “Transmission Owner or Operator Planning Party” or “TOPP” means a Party that is ~~a transmission, or proposes to be, a developer~~ owner or operator of transmission facilities in the Pacific Northwest. For purposes of this Agreement, an “owner” includes, but is not limited to, a Party that has a leasehold interest in or other beneficial use of the subject facilities, where, for financing purposes, legal title is held by another entity.

1.5873 “Transmission System” means the transmission facilities in the Pacific Northwest owned or operated or proposed to be developed, owned, or operated by a Transmission Owner or Operator Planning Party.

1.5974 “Uncontrollable Force” means any act or event that delays or prevents a Party from timely performing obligations under this Agreement, including an act of God, strike, lock-out, labor dispute, labor disturbance, act of the public enemy, act of terrorism, war, insurrection, riot, fire, storm or flood, earthquake, explosion, accident to or breakage, failure or malfunction of machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities (other than, as to its own performance, by such Party that is a federal power marketing administration, municipal corporation or other federal, tribal or state governmental entity or subdivision thereof), or any other cause beyond such Party’s reasonable control and to the extent without such Party’s fault or negligence. Economic hardship shall not constitute an Uncontrollable Force under this Agreement.

1.6075 “Voting Payor” means, as of the time of any request for a modification of the Maximum Total Payment Obligation pursuant to section 8.1.3, each Payor that is then a Party to this Agreement (and has not then given notice of withdrawal pursuant to section 18.3 and is not then deemed to have given notice of withdrawal pursuant to section 18.4).

1.6176 “Website” means the website maintained by ColumbiaGrid at www.columbiagrid.org~~www.columbiagrid.org~~.

1.6277 “Western Electricity Coordinating Council” or “WECC” means the Western Electricity Coordinating Council or any successor entity.

1.6378 “Willful Action” means an action taken or not taken by a Party, which action is knowingly or intentionally taken or failed to be taken, with intent that injury or damage would result therefrom or which action is wantonly reckless. Willful Action does not include any act or failure to act which is involuntary, accidental, negligent, or grossly negligent.

1.6479 “WIS Agreement”: see definition 1.2 above.

2. Biennial Transmission Plans and Updates

2.1 Adoption of Plans

Each Planning Cycle, ColumbiaGrid shall develop and review a Draft Biennial Plan and shall adopt, by majority vote of the Board, a Biennial Plan. The first Biennial Plan will be adopted as soon as practicable but in no event later than 30 months after the Effective Date. The planning process to be followed under this Agreement by the Parties is more fully described in Appendix A. Nothing in this Agreement nor any Order 1000 Cost Allocation or other cost allocation under this Agreement shall obligate any Planning Party to construct, nor obligate any Planning Party to commit to construct, any transmission facilities, regardless of whether such transmission facilities are included in any Plan. Nothing in this Agreement nor any Order 1000 Cost Allocation or other cost allocation under this Agreement will obligate any Person to pay or entitle any Person to recover any cost of any transmission facilities from any Planning Party.

2.2 Content of Draft Biennial Plans

Each Draft Biennial Plan shall include the following elements:

- (i) System Assessment Report(s) and Need Statement(s) that have been previously submitted by Staff to the Board;
- (ii) Recommended Near-Term EOP(s), other Recommended EOP(s) that are ready for implementation pursuant to the agreement of the Affected Persons identified by ColumbiaGrid, and Staff-Recommended EOP(s);
- (iii) Recommended Requested Service Project(s) and Staff-Recommended Requested Service Project(s);

(iv) Capacity Increase Project(s) that have been submitted for inclusion in the Biennial Plan by the Planning Party (or Planning Parties) sponsoring such Project(s);

(v) Single System Project(s) on a Transmission System that have been submitted for inclusion in the Biennial Plan by the TOPP that owns or operates such system;

(vi) Expanded Scope Project(s) that are ready for implementation pursuant to the agreement of the Project sponsor(s) and other Affected Persons that are Planning Parties;

(vii) Non-Transmission Alternatives; ~~and~~

~~(viii)~~ (viii) Any proposed Order 1000 Project for which a TOPP, that could potentially be allocated costs relating to such project, has timely requested that such project be selected for purposes of Order 1000 Cost Allocation;

(ix) Preliminary Order 1000 Cost Allocation Reports for each proposed Order 1000 Project for which a TOPP has timely requested that such project be selected for purposes of Order 1000 Cost Allocation in accordance with section 10, including a statement as to whether such project has been selected in the Draft Biennial Plan for Order 1000 Cost Allocation or the basis upon which such project was not selected as an Order 1000 Project; and

(x) Other information included for informational purposes, for example, (a) the status of agreement among Affected Persons with respect to any Project; (b) a description of the extent to which any Project is an Expanded Scope Project; (c) transmission requirements proposed for inclusion in the system assessment and, for those transmission requirements that were not included, the basis upon which they were not selected; (d) any Needs that have been selected for the system assessment to the extent such Needs are not being met by a Project in the Biennial Plan; (e) information regarding any Project for which planning through ColumbiaGrid is underway but which is not yet ready for implementation; (f) any Project for which planning is still at a conceptual or preliminary stage; and (g) disposition or status of any Project included in the prior Biennial Plan.

2.3 Content of Biennial Plans

Each Biennial Plan shall include the following elements:

2.3.1 as approved by the Board—

- (i) EOP(s); and
- (ii) Requested Service Project(s);

2.3.2 included for informational purposes—

- (i) System Assessment Report(s);
- (ii) Need Statement(s);
- (iii) Capacity Increase Project(s);
- (iv) Single System Project(s);
- (v) Expanded Scope Project(s);
- (vi) Non-Transmission Alternative(s); and
- (vii) Such other information that the Board finds appropriate for inclusion in the Biennial Plan for informational purposes.

2.3.3 Order 1000 Projects

(i) Any proposed Project for which a TOPP that could potentially be allocated costs relating to such project has timely requested that such project be selected for purposes of Order 1000 Cost Allocation in the Biennial Plan;

(ii) Order 1000 Projects; and

(iii) Order 1000 Cost Allocation Reports for each proposed Order 1000 Project for which a TOPP has timely requested that such project be selected for purposes of Order 1000 Cost Allocation, including a statement as to whether such project has been selected in the Draft Biennial Plan for Order 1000 Cost Allocation.

2.4 Adoption of Plan Updates

If at any time ColumbiaGrid determines that changes in planning assumptions or other conditions require the definition and approval of a Near-Term EOP or Requested Service Project, or otherwise make a Plan Update appropriate, prior to the adoption of the next Biennial Plan in order for there to be sufficient lead time for implementation, Staff shall develop and the Board shall consider for adoption, a Plan Update of the then current Plan to address such planning assumptions or other conditions. Any Plan Update shall to the extent practicable be based on the then most current assumptions and conditions. After adoption of a Biennial Plan or Plan Update, ColumbiaGrid shall provide all Study Team participants with a copy thereof, and post such Biennial Plan or Plan Update on its Website.

3. Plan Methodology

In developing each Plan, ColumbiaGrid will conduct such activities consistent with this Agreement and will endeavor to:

(i) facilitate analysis of Projects as if a single utility owned all relevant generating, transmission, and distribution facilities to enhance efficiency and reduce duplication of facilities, environmental impacts, and costs;

(ii) model and study the RIS facilities through a system assessment and other analyses assuming all such facilities are available for Projects and taking into account the input of Planning Parties and Interested Persons with respect to regional transmission needs, including any transmission Needs based on a projected inability of a TOPP or Planning Party to serve consistent with the Planning Criteria, any need for a Requested Service Project, need for a Capacity Increase Project, need for a Single System Project, or other Need driven by Public Policy Requirements;

~~(iii)~~ (iii) through the system assessment identify Needs for which potential solutions should identified and evaluated and task Study Teams to work in an open, transparent, and collaborative manner to identify and evaluate solutions to address such Needs and evaluate such solutions, including their consistency with the project selection criteria set forth in section 2.3 of Appendix A;

(iv) apply the Order 1000 Cost Allocation Methodology to evaluate with respect to any proposed Project for which a TOPP has timely requested that such project be selected for purposes of Order 1000 Cost Allocation whether such project qualifies be an Order 1000 Project;

(v) coordinate as appropriate with the planning activities of other regional transmission planning regions entities;

(vi) recognize each TOPP's responsibility for planning Projects on its Transmission System and responsibility for the planning necessary for its Single System Projects and service of its local loads from its Transmission System; and

~~(iv) coordinate with the planning activities of other sub-regional and regional planning entities; and~~

~~(vii)~~ (vii) with respect to Non-Transmission Alternatives, defer to the development of such alternatives in other appropriate forums and limit analysis of such alternatives to analysis of whether a TOPP-proposed Non-Transmission Alternative will meet or defer a Need.

4. ColumbiaGrid Planning Process Requirements

4.1 Duty to Cooperate

Each Planning Party shall cooperate with and support ColumbiaGrid in the implementation of its responsibilities under this Agreement, which shall as applicable include providing data relating to its Electric System or proposed Electric System and individual TOPP planning criteria and performing technical studies regarding its Transmission System as it relates

to the RIS. Specifically, each Planning Party shall participate in, and support, ColumbiaGrid's performing annual system assessments and shall participate actively in the Study Teams that are formed to address Needs or develop Projects for which such Planning Party is an Affected Person. Each Planning Party performing studies contemplated under this Agreement shall keep the Staff informed about those studies and seek the input of the Staff, as appropriate, and shall provide the final studies to the Staff for the use of ColumbiaGrid. Nothing in this Agreement shall prohibit a Planning Party from constructing a transmission facility or expanding its Electric System in a manner that has not yet been reflected in a Plan; *provided that* nothing in this Agreement shall preclude ColumbiaGrid from determining through a system assessment that there are still unmet Needs notwithstanding any such facility or expansion or any other facility or expansion. Nothing in this section is intended to prevent ColumbiaGrid from performing studies as needed in accordance with Appendix A.

4.2 Coordinated, Open, and Transparent Nature of Process

ColumbiaGrid shall endeavor to implement the planning processes under this Agreement in a coordinated, open, transparent, and participatory manner, subject to ColumbiaGrid's obligation to protect Confidential Information and CEII pursuant to this Agreement. This process is not intended to create any Third Person remedies or rights as to the adequacy of ColumbiaGrid's processes or public review.

4.3 Notice to Potentially Interested Persons

ColumbiaGrid in consultation with each Study Team shall endeavor to notify the following Persons of the formation and scope of activities of such Study Team with respect to a Project: (i) all Affected Persons with respect to such Project, (ii) all Persons potentially interested in such Study Team, and (iii) the Interested Persons List, including Pacific Northwest transmission owners and operators and State and Tribal representatives on the Interested Persons List. ColumbiaGrid shall develop a protocol regarding procedures designed to identify and notify States, including agencies responsible for facility siting, utility regulation, and general energy policy, Tribes, and Pacific Northwest transmission owners and operators that are potentially impacted by Needs or solutions regarding the activities of Study Teams addressing such Needs or solutions. For example, the protocol should include a provision stating that at such time as it becomes apparent to a Study Team that Tribal resources or lands may be impacted, the Study Team should make a reasonable attempt to notify potentially impacted Tribes of its work. ColumbiaGrid may work with the Planning Parties and Pacific Northwest Tribes to compile a database of Tribal lands and culturally significant areas for use under such a protocol.

4.4 Use of Study Teams

ColumbiaGrid shall assemble Study Teams as more fully described in Appendix A. Such Study Teams are intended to be the primary tool for participation by Planning Parties, Affected Persons, and Interested Persons in the development of Projects defined and included in the Plan. Study Team participants shall bear their own costs of participation. ColumbiaGrid may establish terms and conditions it determines appropriate for participation by any Person in a Study Team, including terms and conditions relating to protection of Confidential Information and CEII.

4.5 Development of Protocol for Communications With and Receiving Input from States and Tribes

ColumbiaGrid shall develop a protocol to foster the collaborative involvement of States, including agencies responsible for facility siting, utility regulation, and general energy policy, and Tribes in the ColumbiaGrid planning process. Such protocol shall guide ColumbiaGrid's communications with such entities, and shall include provisions to keep such entities informed regarding ColumbiaGrid's activities.

4.6 ColumbiaGrid Development of WECC Submittals

ColumbiaGrid Staff shall, in consultation with each TOPP (and other Planning Parties as appropriate), develop data submittals on behalf of such TOPP for WECC base case development purposes (which is a task that Bonneville previously performed for many Northwest transmission owners). Bonneville will transfer to ColumbiaGrid this coordinator function with respect to each TOPP and assist, as determined by Bonneville and ColumbiaGrid, in the training of Staff to perform this function. Each TOPP agrees to submit to ColumbiaGrid its underlying data for the WECC submittals once this transfer has taken place. As with the Bonneville process, TOPPs will have the opportunity to review proposed base cases during the normal WECC review process.

4.7 Third Person Access to ColumbiaGrid Data and Analysis

ColumbiaGrid shall develop, and revise as necessary, policies regarding the provision of planning data or analysis to Third Persons subject to the appropriate treatment of Confidential Information, information relating to Standards of Conduct matters, and CEII; *provided that* ColumbiaGrid shall make clear on its Website and in other distributions that such data and analysis is being provided as is and that any reliance by the user on such data or analysis is at its own risk and, specifically, shall make clear (and shall require Third Persons receiving such data or analysis from ColumbiaGrid to enter into separate contracts agreeing) that any such data or analysis is not warranted by ColumbiaGrid or any Planning Party and that neither ColumbiaGrid nor any Planning Party is responsible for any such data or analysis, for any errors or omissions in such data, or for any delay or failure to provide any such data or analysis to such Third Persons.

5. Commitment to Move to Common Queue and Explore Other Improvements

It is the intent of the Parties to develop and adopt separate agreements or amendments to this Agreement that are mutually agreeable to the Parties, pursuant to which a common queue for requests for transmission service and interconnection to any of the TOPPs is implemented. The Parties will endeavor to adopt such agreements or amendments and implement such a common queue as soon as practicable after the Effective Date. The Parties recognize that implementation of such a common queue will probably require modification of the Open Access Transmission Tariffs of the TOPPs that have such OATTs. ColumbiaGrid may explore improvements to the planning process set out in Appendix A and recommend such improvements to the Planning Parties and recommend amendments to this Agreement that would effectuate such improvements.

6. Offer and Execution of Facilities Agreements; Other Agreements

6.1 Agreements to Effectuate Approved EOPs

6.1.1 In the absence of other arrangements that ColumbiaGrid determines will effectuate any EOP, ColumbiaGrid shall develop a form of Facilities Agreement for such EOP, which shall be substantially in the form of Appendix B and which shall include the following from the specification of such EOP in the Plan:

- (i) a description of the Plan of Service for such EOP, including each modification to be made to the RIS by the EOP and the Person(s) to make each such modification;
- (ii) each Person to bear the costs of the EOP and the allocation of such costs; and
- (iii) each Person to receive a share of the transmission capacity, if any, added or maintained by the EOP and the allocation of such benefits to and among such Person(s).

Each Person designated in item (i), (ii), or (iii) (“Designated Person”) shall be named as a party in the form of Facilities Agreement for such EOP.

6.1.2 Ownership and use of any transmission capacity that is

- (i) added or maintained as a result of an EOP, and
- (ii) added or maintained on the transmission system of a party to a Facilities Agreement as a result of any of the facilities comprising the Plan of Service under such Facilities Agreement, but
- (iii) specified in Exhibit F of such Facilities Agreement to be owned by another party to such Facilities Agreement,

shall only be pursuant to and shall be governed by a written separate capacity agreement between such parties to be mutually agreed upon between such parties and entered into contemporaneously with such Facilities Agreement; *provided that* in the absence of such a capacity agreement, the use of any additional capacity resulting from an EOP that is

- (i) added or maintained as a result of an EOP, and (ii) added or maintained on the transmission system of a party to a Facilities Agreement as a result of any of the facilities comprising the Plan of Service under such Facilities Agreement, but
- (iii) specified in Exhibit F of such Facilities Agreement to be owned by another party to such Facilities Agreement,

shall be governed by a transmission agreement between parties to such Facilities Agreement.

6.2 Tender and Execution of Form of Facilities Agreements for EOPs

ColumbiaGrid shall tender the form of Facilities Agreement prepared pursuant to section 6.1 for any EOP to each Designated Person named as a party in such form and allow each such Designated Person 60 days (or such longer period as ColumbiaGrid may determine) after its receipt of such tender to execute and return such form to ColumbiaGrid. No such Designated Person shall have any obligation under this Agreement to enter into such tendered form of Facilities Agreement; *provided that* any such Designated Person that does not enter into such tendered form of Facilities Agreement within such 60 days may be named in a Facilities Petition pursuant to section 6.3 below. ColumbiaGrid shall provide, with each such tender of a Facilities Agreement for an EOP, a description of the **EOP** Need giving rise to such EOP and the record supporting the Board's decision to approve such EOP, including a description of the process used to develop such EOP and a reference to the Board's decision to approve such EOP. If ColumbiaGrid receives the form of Facilities Agreement so executed by each such Designated Person within 60 days (or such longer period as ColumbiaGrid may determine) after receipt by each such Designated Person of the tender of such form, ColumbiaGrid shall also execute and deliver such Facilities Agreement to each such Designated Person.

Without the prior written consent of all Parties, which consent shall not be unreasonably withheld, no Party that is a party to a Facilities Agreement shall amend such Facilities Agreement to be inconsistent with the pro forma Facilities Agreement. If this Agreement is amended by the Parties so as to amend its attached pro forma Facilities Agreement, ColumbiaGrid shall offer an amendment to each then effective Facilities Agreement that would conform each such Facilities Agreement to such amended pro forma Facilities Agreement.

6.3 Facilities Petitions for EOPs

In the event ColumbiaGrid has not received an executed Facilities Agreement from each Designated Person named as a party therein within 60 days (or such longer period as ColumbiaGrid may determine) after receipt by each such Designated Person of the tender of the form of such Facilities Agreement, ColumbiaGrid shall determine whether any of the Planning Parties intends to file and pursue with the Commission a Facilities Petition with respect to the EOP for which the form of Facilities Agreement was tendered by ColumbiaGrid.

If a Planning Party files such a Facilities Petition naming another Planning Party as a respondent, ColumbiaGrid shall intervene by filing and serving a Facilities Petition Intervention with the Commission. ColumbiaGrid shall not intervene in a proceeding in which only Designated Persons that are not Planning Parties are named as respondents.

If a Person that is not a Planning Party files such a Facilities Petition naming a Planning Party as a respondent, ColumbiaGrid may intervene by filing and serving a Facilities Petition Intervention with the Commission. ColumbiaGrid shall not intervene in a proceeding in which only Designated Persons that are not Planning Parties are named as respondents.

In any Facilities Petition Intervention, ColumbiaGrid shall support the Commission's ordering relief consistent with section 1.4920; *provided that* ColumbiaGrid shall not seek (and shall not advocate the imposition of) a fine, civil penalty, or forfeiture for failure to comply with

any statute, rule, regulation, order of the Commission, contract, tariff, standard, or criteria; *provided further that* ColumbiaGrid shall not file with the Commission or support any Facilities Petition, and, except as otherwise expressly provided in section 6.3 or 6.5, shall not file or support any pleading with respect to the tendered form of the Facilities Agreement or the EOP that is the subject of such form of Facilities Agreement. ColumbiaGrid shall file each Facilities Petition Intervention that it files pursuant to this section 6.3 on its own behalf and on behalf of all Supporting Planning Parties for such EOP.

In the event that a Canadian entity becomes a Planning Party, the Parties shall negotiate in good faith for an amendment to this Agreement to add a provision comparable to the provisions in this section with respect to ordering the construction of EOPs in Canada.

6.4 Waiver of Standing Arguments

Each Planning Party waives any argument that any Planning Party lacks standing to file a Facilities Petition because the Planning Party filing such petition is not interconnected with the Person against whom such petition is filed.

6.5 Prosecution of Facilities Petition Intervention

ColumbiaGrid shall not prosecute any Facilities Petition Intervention except for filing such Facilities Petition Intervention pursuant to section 6.3, providing factual data, and responding to requests for discovery. Nothing in this Agreement shall preclude any Planning Party from prosecuting any Facilities Petition for any EOP filed with the Commission.

6.6 Good Faith Efforts to Renegotiate Sections 6.2, 6.3, and 6.5

In the event that the Commission (or any court with jurisdiction) determines that the Commission does not have, or in the event that the Commission declines to exercise, jurisdiction over all Designated Persons named as parties in the form of Facilities Agreement for which a Facilities Petition has been filed, jurisdiction over the subject matter of a Facilities Petition, or authority to order the relief sought by the Facilities Petition, each Party shall negotiate in good faith with all other Parties regarding whether and what amendments should be made to provisions of sections 6.2, 6.3, and 6.5 of this Agreement to provide a workable mechanism to facilitate implementation of EOPs for which Facilities Agreements have been tendered but not entered into by all Designated Persons named as parties therein.

7. Regional and Interregional Transmission Coordination

ColumbiaGrid may become a member of and participate in appropriate transmission planning forums, committees, and work groups applicable to the geographic areas served by the Transmission Systems for purposes of collecting and sharing information; *provided that* this section or any such membership or participation shall not authorize ColumbiaGrid to undertake activities that it is not otherwise authorized to undertake pursuant to and consistent with this Agreement, its Articles of Incorporation, and its Bylaws. Subject to this section and with the prior written consent of a TOPP, ColumbiaGrid may coordinate and submit such TOPP's Transmission System data as required by such forums, committees, and work groups.

8. Payment

8.1 Maximum Total Payment Obligation

8.1.1 Initial Maximum Total Payment Obligation. The initial Maximum Total Payment Obligation for a Payment Cycle shall be an amount equal to \$4,200,000. The initial Maximum Total Payment Obligation may be adjusted pursuant to section 8.1.2 and modified pursuant to section 8.1.3.

8.1.2 Adjustment of Maximum Total Payment Obligation for Changes in CPI Index/GNP Deflator. As of the beginning of each Payment Cycle that is after the initial Payment Cycle, but for which there is no modification of the Maximum Total Payment Obligation pursuant to section 8.1.3, ColumbiaGrid shall adjust the Maximum Total Payment Obligation to reflect changes in the CPI Index/GNP Deflator.

8.1.3 Modification of Maximum Total Payment Obligation. ColumbiaGrid or any Payor may request from time to time a modification in the Maximum Total Payment Obligation for a Payment Cycle, by written request to each of the other Parties not later than 90 days prior to the beginning of such Payment Cycle. The Voting Payors shall vote on such modification no later than 60 days after such request. Such modification shall be approved upon the two-thirds weighted affirmative vote of the Voting Payors (weighted in proportion to their respective percentage Allocated Shares as of the time of the vote). If such modification is so approved for such Payment Cycle, the Maximum Total Payment Obligation shall be as so modified for such Payment Cycle and each subsequent Payment Cycle (unless and until subsequently adjusted by the CPI/GNP Deflator pursuant to section 8.1.2 or subsequently modified pursuant to this section 8.1.3).

8.1.4 Notice of Adjustment or Modification of Maximum Total Payment Obligation. ColumbiaGrid shall promptly reflect any adjustment of the Maximum Total Payment Obligation pursuant to section 8.1.2 and any approved modification of the Maximum Total Payment Obligation pursuant to section 8.1.3, and the effective date of such modification or adjustment, in a table. ColumbiaGrid shall distribute such table to each of the Payors and post such table on its Website.

8.2 Allocation of Corporate Overhead

ColumbiaGrid shall determine when and to what extent to allocate corporate expenses to its activities under its functional agreement(s) as provided in provision 7.2 of the Bylaws and shall make such allocation based upon a reasonable assignment (in light of generally accepted cost allocation principles) of costs to each function based upon the costs attributable to each such function. The initial Maximum Total Payment Obligation was set at a level that did not contemplate an inclusion of all such corporate expenses. It is contemplated that requests for modification of the Maximum Total Payment Obligation for Payment Cycles after the initial Payment Cycle may reflect an allocation of additional corporate expenses.

8.3 Payor's Payment Obligation

Subject to section 8.8.4 and the other provisions of this Agreement, each of the Payors agrees to provide to ColumbiaGrid, in response to an Invoice and pursuant to the provisions of this Agreement, amounts equal to such Payor's Allocated Share of each Payment Amount, all of which amounts shall be used by ColumbiaGrid as set forth in section 8.9.1. All dollar amounts set forth in this Agreement are U.S. dollars.

8.4 Allocation of the Payment Amount

ColumbiaGrid shall determine and post on the Website each Payor's Allocated Share of each Payment Amount under each of the Invoices and the effective date of such Allocated Shares pursuant to the following formula:

For each Payor (which includes the New Payor), the—

Payor's Allocated Share = a decimal fraction (expressed as a percentage), in which the denominator equals the MTPO and the numerator equals the following:

$$\begin{aligned} & \$50,000 \text{ per Payment Cycle} + \\ & \{(\text{MTPO} - \text{TEP}) * \\ & ((X * [\text{dollar value of net transmission plant of such Payor} \div \\ & \quad \text{total dollar value of net transmission plant of all Payors}]) + \\ & (Y * [\text{Annual Area Load of such Payor} \div \\ & \quad \text{total Annual Area Load of all Payors}]))\} \end{aligned}$$

Except, in the cases where the above equation results in the Bonneville share of costs exceeding 49.9% of the MTPO, the following revised equation shall be used to determine payment obligations of all Payors excluding Bonneville.

Revised Payor's Allocated Share = a decimal fraction (expressed as a percentage), in which the denominator equals the MTPO and the numerator equals the following:

$$\begin{aligned} & (\text{Payor's numerator from above equation}) + \\ & \{(\text{MTPO} * (\text{Bonneville's Allocated Share from above equation} - 0.499)) * \\ & ((X * (\text{dollar value of net transmission plant of Payor}) \div \\ & \quad (\text{total dollar value of net transmission plant of all Payors} - \text{dollar} \\ & \quad \text{value of net transmission plant of Bonneville})) + \\ & (Y * (\text{Annual Area Load of Payor}) \div \\ & \quad (\text{total Annual Area Load of all Payors} - \text{Annual Area Load of} \\ & \quad \text{Bonneville})))\} \end{aligned}$$

Furthermore, in these cases, Bonneville's Revised Payment Allocated Share shall be a decimal fraction (expressed as a percentage) equal to 0.499.

Where,

MTPO = Maximum Total Payment Obligation (pursuant to section 1.25)

TP = Total Payors

TEP = Total Equal Payments = TP * \$50,000

X = the weighting share for transmission plant applied to the (MTPO – TEP)

Y = the weighting share for annual load applied to (MTPO – TEP)

Where $X + Y = 1$ and $X = 4/7$ and $Y = 3/7$

“Net transmission plant” of a Payor means such Payor’s net transmission plant as reflected in such Payor’s then most recent FERC Form 1 or equivalent report

“Annual Area Load” of a Payor means such Payor’s then most recent twelve month load in Giga-watt hours, as reported to the Northwest Power Pool; alternatively, for a Payor that holds long term firm transmission rights on the RIS, but serves no load on the system, this “Annual Area Load” shall be determined by the:

$(\text{contract amount of rights (MW)}) * (8760 \text{ hours})/1000$

or in cases where the party’s long term firm transmission rights are less than for a full year of hours the multiplier shall correspond to the number of hours in the year for which the party does have firm rights

The Annual Area Load of each Party that is a control area operator is reduced if and to the extent any Qualified Person to which such control area operator provides control area services becomes a Party and such Party assumes the payment responsibility calculated using its own load

8.5 Allocation of Subsequent Payment Amounts and Allocated Shares for Subsequent Invoices in the Event of a New Payor

When any Payor enters into this Agreement after the Effective Date and is thereby a New Payor (or is in a consortium of Planning Parties that together are a New Payor), ColumbiaGrid shall adjust each Payor’s Allocated Share of each Payment Amount for subsequent Invoices based upon the formula set forth in section 8.4 as of the date of the addition of such New Payor. ColumbiaGrid shall also recalculate the Maximum Payor Obligation of each Payor, which recalculated Maximum Payor Obligation of such Payor shall equal the (i) sum of the amount of each previous Invoice made to such Payor based on such Payor’s Allocated Share that was in

effect for each such previous Invoice plus (ii) such Payor's adjusted Allocated Share of the Remaining Maximum Total Payment Obligation as of the addition of such New Payor.

8.6 Allocation of Subsequent Payment Amounts and Allocated Shares for Subsequent Invoices in the Event of Withdrawal of a Payor Because of an Adjustment to the Maximum Total Payment Obligation

When any Payor withdraws from this Agreement pursuant to section 18.3, and a cap results as provided for in section 18.3, ColumbiaGrid shall adjust the Allocated Shares of the Payors which have not exercised, and have not been deemed to exercise, a withdrawal under section 18.3 resulting in a cap in their Maximum Payor Obligations. Such adjustment shall be by an amount necessary to restore the difference between the withdrawing Payor's capped Maximum Payor Obligation, and the Maximum Payor Obligation it would have been assigned had it not opposed the increase and withdrawn. Payors' Maximum Payor Obligations during the pending Payment Cycle shall be adjusted upward only due to the withdrawal of a Payor as a consequence of such Payor's opposition to a modification of the Maximum Total Payment Obligation.

8.7 Notice of Adjustment of Maximum Payor Obligations

ColumbiaGrid shall promptly reflect the adjustment of the Maximum Payor Obligations pursuant to sections 8.5 and 8.6, and the effective date of any such adjustment, on a table, and shall distribute such table to the Payors and post such table on its Website.

8.8 Invoices

8.8.1 Invoices. Each month during the term of this Agreement ColumbiaGrid shall submit an Invoice for services rendered and corporate overhead pursuant to section 8.2 pursuant to this section 8.8 to all Payors for reimbursement of the amount it has expended to implement this Agreement until Invoices (whether issued pursuant to this section 8.8.1 or section 8.8.2) for Payment Amounts in the aggregate totaling the Maximum Total Payment Obligation have been made. ColumbiaGrid shall submit each such Invoice by the tenth day of the month in which it is issued, or the preceding Friday if the tenth falls on a weekend, and shall show in any such Invoice each Payor's Allocated Share of such Invoice.

8.8.2 Invoices Due to Extraordinary Circumstances. During the term of this Agreement, ColumbiaGrid may submit Invoices in addition to Invoices pursuant to sections 8.8.1 and 8.8.3, in the extraordinary event that additional Payment Amounts are needed. Any Invoice submitted pursuant to this section 8.8.2 shall include an explanation of the reason why the Invoice is needed, including a description of the extraordinary circumstance.

8.8.3 Initial Invoice for New Payors. As of the date a New Payor becomes a Party by executing and delivering this Agreement to ColumbiaGrid and each Planning Party, ColumbiaGrid shall submit an Invoice to the New Payor for \$10,000 as a payment of the allocable value of work performed to date that is of benefit under this Agreement to the New Payor.

8.8.4 Cap on Payor's Obligation. Notwithstanding any other provision of this Agreement, ColumbiaGrid shall not at any time submit any Invoice to any Payor for any Payment Amount that, together with Payment Amounts requested by prior Invoices to such Payor, in the aggregate exceeds such Payor's Maximum Payor Obligation then in effect, as calculated and distributed by ColumbiaGrid (plus, in the case of a New Payor, \$10,000). Notwithstanding any other provision of this Agreement, no Payor shall be obligated at any time under this Agreement to provide any Payment Amount under sections 8.8.1 and 8.8.2 that, together with Payment Amounts requested by prior Invoices to such Payor, in the aggregate exceeds such Payor's Maximum Payor Obligation then in effect, as calculated and distributed by ColumbiaGrid (plus any interest that such Payor incurs pursuant to section 8.8.6.3 as a result of late payments by such Payor and plus, in the case of a New Payor, \$10,000 paid pursuant to section 8.8.3).

8.8.5 Allocation of Invoice. Each Invoice to a Payor shall be for such Payor's Allocated Share of the total amount of such Invoice; *provided that* the Initial Invoice to a New Payor pursuant to section 8.8.3 shall be made solely to such New Payor without a pro rata call to the other Payors.

8.8.6 Invoice and Payment Details

8.8.6.1 Invoice Details. ColumbiaGrid shall issue each Invoice to all Payors that are Payors as of the date of such call; *provided that* ColumbiaGrid shall issue an Initial Invoice only to a New Payor pursuant to section 8.8.3 without a pro rata call to the other Payors. ColumbiaGrid shall submit any Invoice in writing and delivered by U.S. mail and by e-mail to the person designated for each Payor pursuant to section 19.1. ColumbiaGrid shall provide each Payor with instructions for electronic funds transfer or wire transfer of funds in response to an Invoice.

8.8.6.2 Payment Details. Each Payor shall make its payment of its Allocated Share of an Invoice within 20 business days of receiving an Invoice by electronic funds transfer or wire transfer of immediately-available funds.

8.8.6.3 Interest on Late Payment. Any Payment Amount not paid when due by a Payor shall bear interest, compounded daily, from the date such amount was due until the date of payment at an annual interest rate equal to the lesser of (i) a rate equal to 200 basis points above the per annum prime rate reported daily in *The Wall Street Journal* and (ii) the maximum rate permitted by applicable law.

8.8.7 Quarterly Reports. By the 15th day of each quarter, ColumbiaGrid shall provide each Payor with a quarterly report that contains (i) a detailed projection of the funds from this Agreement that it projects it will use in the current quarter and the remainder of the Payment Cycle and (ii) an accounting of ColumbiaGrid's expenditures of funds received under this Agreement (a) in the previous quarter and (b) since the commencement of the Payment Cycle.

8.8.8 Voluntary Advanced Payment Amount. Any Payor may pay to ColumbiaGrid all or a portion of its Allocated Share of any Payment Amount prior to

ColumbiaGrid submitting an Invoice for such Payment Amount. At the time of any such advance payment, such Payor shall notify ColumbiaGrid that it is paying funds in advance of the Invoice. ColumbiaGrid shall apply such advance payment as a credit against such Payor's obligation to pay its Allocated Share in response to each subsequent Invoice until such advance payment is exhausted. ColumbiaGrid shall report the remaining balance of any such advance payment in its quarterly report. ColumbiaGrid shall not use any such advance payment as an offset to any other Payor's Allocated Share of any Invoice. ColumbiaGrid may, but shall have no obligation to, pay interest with respect to any such advance payment.

8.8.9 Over-Payment. If, in error or as a result of an update of a Payor's Maximum Payor Obligation pursuant to section 8.5, a Payor provides funds in excess of those it is obligated to provide under this Agreement, ColumbiaGrid shall refund to such Payor its excess contribution within five business days of ColumbiaGrid's learning that the funds provided were excess. ColumbiaGrid shall provide each Payor with written notice that it has issued a refund to a Payor pursuant to this section 8.8.9.

8.9 Use of Funds

8.9.1 General. ColumbiaGrid agrees that funds provided under this Agreement shall be used only for purposes consistent with this Agreement and ColumbiaGrid's Articles of Incorporation and Bylaws. The payments received under this Agreement are intended to be the primary source of payment for ColumbiaGrid's planning activities. Expenditure of funds available to ColumbiaGrid under this Agreement shall be subject to approval by the Board of Directors of ColumbiaGrid in furtherance of the purposes of ColumbiaGrid consistent with its Articles of Incorporation and Bylaws and consistent with the provisions of this Agreement. Any funds made available under this Agreement shall not be used to reimburse internal costs of the Planning Parties or Interested Persons or costs of Third Persons hired individually by one or more of the Planning Parties or Interested Persons.

8.10 Other Terms

8.10.1 Waiver of Defense to Payment. Each Payor waives as a defense to any untimely payment of its Allocated Share of each Invoice any defense that one or more of the other Payors has failed to timely pay its Allocated Share of such Invoice or any other Invoice.

9. Budgets

9.1 Rolling Annual Budget

Annually before the commencement of each fiscal year, ColumbiaGrid shall prepare and adopt a budget for the upcoming two fiscal years for its performance of its obligation under this Agreement. At least 90 days before the adoption of each such rolling annual budget, ColumbiaGrid shall provide the proposed rolling annual budget to the Planning Parties for comment. ColumbiaGrid shall consider any comments on the proposed budget that are provided by any Planning Party.

9.2 ColumbiaGrid General Record-Keeping

ColumbiaGrid shall keep such financial, operational, and other records for its performance and obligations under this Agreement as may be necessary for the efficient operation of ColumbiaGrid and, except as necessary to protect Confidential Information and CEII, shall make such records available upon request for inspection by the Planning Parties. ColumbiaGrid shall comply with the then current record-retention policy of the Commission.

9.3 Documentation of Costs Attributable to Specific Project

At the request of a TOPP, ColumbiaGrid shall provide documentation of its costs relating to its activities in the definition and analysis of a specific Project; *provided that* any collection of such costs by such TOPP from its transmission or interconnection customer(s) shall be the sole responsibility of the TOPP.

9.4 Annual Financial Reporting

As soon as reasonably practicable after the close of each fiscal year, ColumbiaGrid shall prepare (in accordance with generally accepted accounting principles and regulations of the Commission) and make available to the Planning Parties annual financial statements relating to its activities under this Agreement.

9.5 Audit of ColumbiaGrid Records

Each Planning Party shall have the right to conduct an audit of ColumbiaGrid's performance of its obligations to the Planning Parties under this Agreement; *provided that* the Planning Party requesting the audit shall pay for such audit and provide the result to the other Planning Parties. ColumbiaGrid shall make its records, facilities, and personnel available to the Planning Parties during the conduct of any such audit. Any Planning Party requesting an audit shall pay ColumbiaGrid's reasonable costs of complying with such audit request.

10. Standards of ColumbiaGrid Performance

ColumbiaGrid shall carry out its obligations under this Agreement in an efficient, expeditious, professional, and skillful manner. In providing transmission planning services to Planning Parties under this Agreement, ColumbiaGrid shall comply with all applicable laws, ordinances, rules, regulations, orders, licenses, permits, and other governmental requirements (including, but not limited to, any such requirements imposed upon Planning Parties with respect to ColumbiaGrid's provision of transmission planning services); *provided that* regulatory requirements imposed on any single Planning Party shall not be deemed applicable to other Planning Parties as a result of this Agreement, nor shall ColumbiaGrid apply in its process any such regulatory requirements to other Planning Parties that are not otherwise applicable to such other Planning Parties.

11. Authorization for ColumbiaGrid to Perform Obligations Under This Agreement

Planning Parties agree that, unless specifically otherwise provided in this Agreement, ColumbiaGrid is authorized, pursuant to Bylaws Section 6.1, to engage on its own behalf, and
28 – DRAFT FOR DISCUSSION PURPOSES ONLY; NOT REVIEWED OR APPROVED BY ANY PEFA PARTY; WORK IN PROGRESS THAT WILL CHANGE

not as agent for Planning Parties, in any activity reasonably necessary to perform its obligations under this Agreement, including the hiring of contractors or consultants.

12. Limitation of Liability Among Planning Parties

Each Planning Party at any time that is both eligible to be a party to the WIS Agreement and operates electrical facilities for generation, transmission, or distribution shall become and remain at all such times a party to the WIS Agreement as a condition of participation in this Agreement.

13. Insurance, Indemnification, and Limitations of Liability

To promote cooperation among the Parties, to avoid duplication of costs, and to carry out the purposes of this Agreement, the Parties agree to the following provisions for insurance, indemnification, and limited liability.

13.1 Insurance; Waiver of Subrogation Rights

13.1.1 ColumbiaGrid Insurance Coverage Requirements. Throughout the term of this Agreement, ColumbiaGrid shall maintain insurance coverage that at a minimum:

- (i) provides general liability and errors and omissions insurance with respect to ColumbiaGrid's performance under this Agreement;
- (ii) provides for maximum per-occurrence self-insured retention in an amount approved in writing by each Party that is a Party as of the Effective Date;
- (iii) provides general liability coverage limits (with each Planning Party that so opts in writing named as an additional insured) in an amount approved in writing by each Party that is a Party as of the Effective Date and separate errors and omission coverage limits in an amount approved in writing by each Party that is a Party as of the Effective Date;
- (iv) provides an agreement or endorsement under which the insurance cannot be terminated, canceled, allowed to expire, or materially altered without 90 days' prior written notice to ColumbiaGrid and provides that such policy is primary over any other insurance; and
- (v) provides that ColumbiaGrid's insurer shall be bound by any waivers of the insurer's rights of subrogation granted by ColumbiaGrid.

13.1.2 Waiver of Subrogation Rights. ColumbiaGrid hereby waives all rights of subrogation its insurer(s) may have against the Planning Parties and any former Planning Parties.

13.2 ColumbiaGrid's Obligation to Notify Planning Parties with Respect to Insurance

ColumbiaGrid shall not consent or allow that the insurance required under section 13.1.1 above to be terminated, canceled, allowed to expire, or materially altered without providing at least 60 days' advance notice to the Planning Parties. ColumbiaGrid shall notify the Planning Parties with the name, address, telephone number, facsimile number, and e-mail of all insurance brokers used by ColumbiaGrid.

13.3 First Party Claims

ColumbiaGrid shall not be liable to any other Party for any loss or damage to the equipment or Electric System of such other Party, or any loss or damages for bodily injury (including death) that such other Party or its employees may incur arising out of this Agreement or its performance.

13.4 Third Person Claims

13.4.1 In the event Third Person claims are made against any Party arising out of this Agreement or its performance, the Parties agree that:

13.4.2 In the event of any such claim, the Party against which the Third Person claim is made shall provide immediate notice to the other Parties pursuant to section 19.1 below. All Parties shall make such immediate efforts as necessary to preserve evidence or protect against default judgment, and shall provide notice to the Claims Committee by giving notice to each Party and to the broker identified pursuant to section 13.2 above with respect to the insurance policy described in section 13.1.1 above.

13.4.3 ColumbiaGrid shall provide notice to each Planning Party and as necessary to its insurance carrier, and refer such matter to the Claims Committee. The Parties anticipate that the Claims Committee shall have responsibility to (i) review any such claims, (ii) take action as necessary to properly investigate, evaluate, and defend such claims, and (iii) make recommendations regarding payment, rejection, or compromise of such claims.

13.4.4 In the event of legal action resulting from the denial of any such claim, the Parties anticipate that the Claims Committee shall recommend suitably qualified legal counsel to defend such claims. Subject to this section and to the extent permitted by law, the Parties agree, except where there is an irreconcilable conflict of interest, (i) to consent to joint representation in defense of such legal action and (ii) to make good faith efforts to enter into a mutually acceptable joint representation agreement to facilitate cooperation, information sharing, and protection of attorney-client privilege and work product in connection with the joint defense. If joint representation is precluded by an irreconcilable conflict of interest or for any other reason, the Party unable to participate in joint representation shall obtain legal counsel of its own choice, at its own expense, to defend itself in such legal action. Bonneville, as a Planning Party, may but shall not be obligated to comply with sections 13.4.3 and 13.4.4 with respect to any claim against and presented to Bonneville.

13.4.5 Where the claim or legal action arises in whole or in part from allegedly negligent actions or inactions of ColumbiaGrid in performance of obligations of this Agreement, the self-insured retention and the policy coverage described in section 13.1.1 above shall be regarded as primary with respect to payments or judgments resulting from any such claim or legal action. Payments shall include reasonable attorneys' fees and costs of investigation and defense. To the extent of insurance coverage and the extent permitted by applicable law, ColumbiaGrid shall indemnify, defend, and hold each Planning Party harmless from and against all damages based upon or arising out of bodily injuries or damages to Third Person(s) or parties, including without limitation death resulting therefrom, or physical damages to or losses of property caused by, arising out of, or sustained in connection with performance of this Agreement to the extent attributable to the negligence of ColumbiaGrid or its employees, agents, suppliers, and subcontractors (including suppliers and subcontractors of subcontractors; hereinafter "Subcontractors"). As used in this section 13.4.5, "damages" means any claims, losses, costs, expenses, damages (including without limitation direct, indirect, incidental, consequential, special, exemplary, and punitive damages), payments made in settlement, arbitration awards, and liabilities, including reasonable attorneys' fees.

13.5 Inaccurate or Incomplete Data or Information

Liability as between Parties for incomplete or inaccurate data or information shall be subject to the limitations set forth in section 13.6 below, and shall be limited as follows. Each Party shall make good faith efforts to cause data and information provided under this Agreement to be accurate; *provided however* that ColumbiaGrid shall not be liable for damages resulting from the provision of inaccurate or incomplete data or information, except to the extent that such inaccuracy or incompleteness results from ColumbiaGrid's Willful Action.

13.6 Limitation of Damages

As between ColumbiaGrid and any Planning Party and as between Planning Parties, each of those Parties waives as against the other of those Parties (including its directors, commissioners, officers, and employees) all claims, and otherwise covenants not to sue or otherwise pursue any claim or remedy, arising out of or in connection with this Agreement or its performance (whether based on contract, tort, or any other legal theory), except for:

- (i) claims arising under section 13.4.5 of this Agreement with respect to Third Person actions; and
- (ii) claims for actual, direct damages only, which shall under no circumstances include any lost profits, lost data, or any indirect, incidental, consequential, special, exemplary, or punitive damages;

provided nothing in this Agreement shall apply to claims for loss or damage between Planning Parties that are within the scope of the WIS Agreement.

14. Uncontrollable Force

A Party shall not be in breach of this Agreement as a result of such Party's failure or delay to perform its obligations under this Agreement when such failure is caused by an Uncontrollable Force that such Party, despite the exercise of due diligence, is unable to remove with reasonable dispatch; *provided however* that such Party shall have the right to suspend performance of such obligations only to the extent and for the duration that the Uncontrollable Force actually and reasonably prevents the performance of such obligations by such Party. In the event of the occurrence of an Uncontrollable Force that delays or prevents a Party's performance of any of its obligations under this Agreement, such Party shall (i) immediately notify the other Parties of such Uncontrollable Force with such notice to be confirmed in writing as soon as reasonably practicable, (ii) use due diligence to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations under this Agreement, (iii) keep the other Parties apprised of such efforts on an ongoing basis, and (iv) provide written notice of the resumption of performance under this Agreement. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this Agreement involved in such strike, lockout, or labor dispute; and the requirement that a Party must use due diligence to remedy the cause of the Uncontrollable Force or mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes.

15. Assignments and Conveyances

15.1 Successors and Assigns

This Agreement is binding on and shall inure to the benefit of the Parties and their respective successors, permitted assigns, and legal representatives.

15.2 Assignment of ColumbiaGrid's Rights and Obligations

ColumbiaGrid shall not, without the prior written consent of each of the Planning Parties, assign, pledge or transfer all or any part of, or any right or obligation under, this Agreement, whether voluntarily or by operation of law; *provided* nothing in this section 15.2 shall prohibit ColumbiaGrid from contracting with Third Persons for the provision of services to assist ColumbiaGrid in performing its obligations under this Agreement.

15.3 Assignment of a Planning Party's Rights and Obligations

Except as otherwise provided in section 15.4, a Planning Party shall not, without the prior written consent of ColumbiaGrid, assign, pledge, or transfer all or any part of, or any right or obligation under, this Agreement, whether voluntarily or by operation of law; *provided however* that a Planning Party may, without the consent of ColumbiaGrid, assign its rights and obligations under this Agreement to any Person (i) into which the Planning Party is merged or consolidated or (ii) to which the Planning Party sells, transfers, or assigns all or substantially all of its Electric System, so long as the survivor in any such merger or consolidation, or the purchaser, transferee, or assignee of such Electric System provides to ColumbiaGrid a valid and binding written

agreement expressly assuming and agreeing to be bound by all obligations of the Planning Party under this Agreement.

15.4 Assignment of Facilities

Notwithstanding any other provision of this Agreement, a TOPP may pledge or assign all or any portion of its Transmission System without any other Party's consent.

15.5 Effect of Permitted Assignment

In the event of any permitted sale, transfer or assignment under this Agreement, the transferor or assignor shall to the extent of the transferred or assigned obligations, and only to such extent, be relieved of obligations accruing from and after the effective date of such transfer or assignment; *provided however* that under no circumstances shall any sale, transfer, or assignment relieve the transferor or assignor of any liability for any breach of this Agreement occurring prior to the effective date of such transfer or assignment.

15.6 Consent Not Unreasonably Denied or Delayed

Consents to assignment, pledge, or transfer requested pursuant to this section 15 shall not be unreasonably denied or delayed.

16. Confidentiality Obligations

16.1 Protection of Confidential Information

Parties seeking designation of Confidential Information shall act in good faith when asserting the confidentiality of material. Each Party shall use reasonable efforts to maintain the confidentiality of all Confidential Information provided to it by another Party pursuant to this Agreement. In the event a dispute arises related to the designation of Confidential Information under this Agreement, representatives of the Parties with authority to settle the dispute shall meet and confer in good faith in an effort to resolve the dispute. If the dispute is not so resolved, the dispute may, if the disputing Parties so elect, be resolved by arbitration as follows. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three member arbitration panel. The two arbitrators so chosen shall within 20 days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric industry matters, including electric transmission issues, and, unless otherwise agreed by the Parties to the dispute, shall not have any current or past substantial business or financial relationships with any Party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

16.2 Protection of Critical Energy Infrastructure Information

If a Party designates information as "Critical Energy Infrastructure Information" as of the time of its furnishing, ColumbiaGrid shall not post such information on the public portion of its
33 – DRAFT FOR DISCUSSION PURPOSES ONLY; NOT REVIEWED OR APPROVED BY ANY PEFA PARTY; WORK IN PROGRESS THAT WILL CHANGE

Website. If any Party, or other Person, seeks information so designated as CEII, ColumbiaGrid shall immediately notify the disclosing Party to seek its consent to release such information. If the disclosing Party does not consent, ColumbiaGrid shall not release the CEII and shall inform the requesting Party of the disclosing Party's decision. Further, if information designated by a Party as CEII is made part of a filing submitted by ColumbiaGrid with the Commission, ColumbiaGrid shall take reasonable steps to ensure the protection of such information pursuant to the 18 C.F.R. § 388.112(b).

16.3 Disclosure Pursuant to Statute or Administrative or Judicial Order

Each Party shall use reasonable efforts to maintain the confidentiality of all Confidential Information provided to it by another Party pursuant to this Agreement; *provided however* that each Party shall be entitled to disclose such Confidential Information if it is required to make such disclosure by statute or administrative or judicial order or if it makes such disclosure pursuant to a protective order of the administrative or judicial body. Each Party shall, promptly upon receipt of a request for such Confidential Information (or receipt of a notice of a request to an administrative or judicial forum for the public disclosure of such Confidential Information), notify the other Party and other affected Planning Parties of any such request. A Party whose Confidential Information is sought to be released may, in its sole discretion and at its sole cost and expense, undertake any challenge to such disclosure.

16.4 Disclosure of Information Subject to Standards of Conduct

If a Party furnishes information marked as "Standards of Conduct Information" at the time of its furnishing, ColumbiaGrid shall not disclose such information to any Party, including the disclosing Party, or any Third Person unless such disclosure would be consistent with the Commission's regulations in 18 C.F.R. Part 358.

17. Effective Date

17.1 Original Parties

Except as provided in section 17.2, this Agreement shall become effective for all Parties on April 4, 2007; *provided that*, with respect to a Planning Party subject to Commission jurisdiction, if the Commission asserts jurisdiction and does not accept this Agreement or any subsequent amendment for filing or accepts this Agreement or any subsequent amendment for filing but in connection with such acceptance requires a change in, or imposes a new condition on, this Agreement, this Agreement shall be effective thereafter only if all of the Parties agree in writing to such change or condition.

The modifications contained in the Third Amendment to this Agreement shall not become effective until such time as the Commission accepts Avista's and PSE's Order 1000 compliance filings and BPA's Order 1000 filing for reciprocity purposes without condition or change unacceptable to the PEFA Parties.

17.2 Subsequent Planning Parties

With respect to any Qualified Person who executes this Agreement after the Effective Date established pursuant to section 17.1, this Agreement shall be effective as to such Qualified Person as of the date it executes the Agreement and delivers such Agreement to each of the Parties.

17.3 Regulatory Filings, if Any

ColumbiaGrid shall make any necessary regulatory filing of this Agreement (promptly after it is offered) or subsequent amendments with the Commission on behalf of each Planning Party that would otherwise have to submit this Agreement for filing because it is subject to Commission jurisdiction and that requests ColumbiaGrid to make such a filing.

18. Withdrawal

Any Planning Party may withdraw from this Agreement pursuant to this section 18.

18.1 Notice of Potential Withdrawal

Prior to withdrawing, a Planning Party intending to withdraw (“Withdrawing Party”) from this Agreement shall provide written notice to the other Planning Parties and ColumbiaGrid stating that it intends to withdraw from this Agreement and setting out the reasons for its withdrawal.

18.2 Discussion of Concerns

The chief executive officer or equivalent executive of the Parties, including the Withdrawing Party, shall promptly discuss the reasons for the Withdrawing Party’s withdrawal to determine whether this Agreement can be amended in a manner that is acceptable to all of the Parties.

18.3 Notice of Withdrawal

If notwithstanding the discussion pursuant to section 18.2, the Withdrawing Party still intends to withdraw, such Party shall provide each of the Parties with a written notice of withdrawal. Such notice (or a deemed notice of withdrawal pursuant to section 18.4) shall commence a withdrawal period of 30 months or one complete biennial Planning Cycle, whichever expires earlier (“Withdrawal Period”). During the Withdrawal Period, the Withdrawing Party shall continue to be obligated as a Payor to pay its Maximum Payor Obligation in effect at the time of such Withdrawing Party’s notice of withdrawal during the Withdrawal Period; *provided further that* if the Withdrawing Party is withdrawing because of a modification of the Maximum Total Payment Obligation under section 8.1.3 and such Withdrawing Party voted against the modification, such Withdrawing Party’s obligation to pay its Maximum Payor Obligation shall be capped at the amount in effect immediately prior to such modification. During such Withdrawal Period, a Withdrawing Party shall not be a Voting Payor unless or until it rescinds its Notice of Withdrawal in accordance with ~~Section~~section 18.5. At the end of the Withdrawal Period, all rights and obligations under this Agreement of the

35 – DRAFT FOR DISCUSSION PURPOSES ONLY; NOT REVIEWED OR APPROVED BY ANY PEFA PARTY; WORK IN PROGRESS THAT WILL CHANGE

Withdrawing Party shall terminate; *provided that* all obligations and liabilities accrued under this Agreement through any such termination are hereby preserved until satisfied. Withdrawal of a Planning Party does not affect obligations assumed by such Party pursuant to Facilities Agreements.

18.4 Effect of Default

In the event a Planning Party fails to perform its payment obligations under section 8.3, and such failure is not cured within 30 days of the date payment was due, that Planning Party shall be deemed to have given a notice of withdrawal under section 18.3.

18.5 Rescission of Notice of Withdrawal

If a Withdrawing Party rescinds its notice of withdrawal during the Withdrawal Period and such Withdrawing Party has paid ColumbiaGrid its Allocated Share of all Invoices issued by ColumbiaGrid as of the date of such rescission, such Withdrawing Party shall not be considered a New Payor and shall not be required to pay the New Payor fee under section 8.8.3. If such Withdrawing Party withdrew because of a modification of the Maximum Total Payment Obligation under section 8.1.3 and, pursuant to section 18.3, such Withdrawing Party has not been paying a share of the increase in the Maximum Total Payment Obligation, the Withdrawing Party shall also pay ColumbiaGrid an amount equal to such Withdrawing Party's Allocated Share of the amount such Withdrawing Party did not pay under this Agreement as a result of its withdrawal plus interest on such unpaid amount from the time it would have been paid in the absence of such withdrawal and continuing until such amount is paid. Such interest shall be compounded daily at an annual interest rate equal to the lesser of (i) a rate equal to 200 basis points above the per annum prime rate reported daily in *The Wall Street Journal* or (ii) the maximum rate permitted by applicable law.

18.6 Accelerated Withdrawal

If, as a result of an initial submittal for filing of this Agreement with the Commission by ColumbiaGrid pursuant to section 17.3, the Commission fails to accept this Agreement for filing without change or condition within 120 days after filing, then any Planning Party may withdraw from this Agreement during the 90 day period following the Commission's action or the expiration of 240 days after initial submittal for filing of this Agreement, whichever comes first. Such withdrawal shall be upon written notice to all other Planning Parties. Such accelerated withdrawal shall not be subject to the requirements of sections 18.1 through 18.3, and the Planning Party exercising a right of accelerated withdrawal shall have no further obligation under this Agreement to make payments or participate after notice pursuant to this section; *provided that* those other obligations which, in the ordinary course, would survive termination of this Agreement by all Planning Parties shall survive. A holding by the Commission that it does not require this Agreement to be on file shall not constitute a basis for accelerated withdrawal.

19. Miscellaneous

19.1 Notices

19.1.1 Permitted Methods of Notice. Any notice, demand, or request in accordance with this Agreement, unless otherwise provided in this Agreement, shall be in writing and shall be deemed properly served, given, or made to the address of the receiving Party set forth below (i) upon delivery if delivered in person, (ii) upon execution of the return receipt, if sent by registered United States or Canadian mail, postage prepaid, return receipt requested, or (iii) upon delivery if delivered by prepaid commercial courier service.

The address of ColumbiaGrid shall be:

8338 NE Alderwood Road
Suite 140
Portland, OR 97220
Attn: ~~Jon Kaake~~ Allen Burns

The addresses of the Planning Parties shall be:

Avista Corporation:

1411 E. Mission Ave.
Spokane, WA 99202-1902
Attn: Manager, Transmission Services

Bonneville Power Administration:

P.O. Box 3621
Portland, OR 97208-3621
Attn: Rodereck Kelley

Public Utility District No. 1 of Chelan County, Washington:

P.O. Box 1231
Wenatchee, WA 98807-1231
Attn: Chad Bowman

[Add for Cowlitz](#)

[Add for Douglas](#)

Public Utility District No. 2 of Grant County, Washington:

P.O. Box 878
Ephrata, WA 98823
Attn: ~~Kevin Conway~~ Rod Noteboom

Puget Sound Energy, Inc.:

P.O. Box 97034
Bellevue, WA 98009
Attn: George Marshall, Manager, Transmission Contracts

The City of Seattle, a municipal corporation of the State of Washington, acting by and through its City Light Department:

____700 Fifth Avenue, Suite 3300
Seattle, WA 98124
Attn: Robert W. Cromwell, ~~Strategic Advisor Jr., Director~~, Power
~~Management Contracts and Resource Acquisition~~

Public Utility District No. 1 of Snohomish County, Washington:

P.O. Box 1107
Everett, WA 98206-1107
Attn: John D. Martinsen – E4

The City of Tacoma, Department of Public Utilities, Light Division
(dba Tacoma Power):

P.O. Box 11007
Tacoma, WA 98411-0007
Attn: ~~Cathy Leone-Woods~~ Shirley Eshbach

Add for Enbridge

19.1.2 Change of Notice Address. Any Party may at any time, by notice to ColumbiaGrid, change the designation or address of the person specified to receive notice on its behalf. In such case, ColumbiaGrid shall promptly notify all of the other Planning Parties of such change.

19.1.3 Routine Notices. Any notice of a routine character in connection with this Agreement shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this Agreement.

19.2 Amendment or Modification

This Agreement may not be amended or modified except by any subsequent mutual written agreement, duly executed by all then current Parties to this Agreement. If any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations

of the signatories under this Agreement immediately prior to such holding, modification, or condition. If a Party finds such holding, modification, or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, a Party may by written notice to each other Party withdraw from this Agreement pursuant to section 18; *provided that* the Withdrawal Period for any such withdrawal shall be 15 days.

19.3 Construction of Agreement

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

19.4 Integration

This Agreement, including the appendices hereto, constitutes the complete agreement of the Parties and supersedes all prior or contemporaneous representations, statements, negotiations, understandings, and inducements with respect to the subject matter of this Agreement. The appendices hereto, as they may be revised from time to time, are incorporated by reference as if fully set forth in this Agreement.

19.5 Existing Agreements Preserved

Nothing in this Agreement shall be interpreted to supersede the requirements of any existing agreement unless otherwise expressly stated herein.

19.6 Governing Law

This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of Washington, except to the extent that such laws may be preempted by the laws of the United States or of Canada, as applicable; *provided however* that notwithstanding the foregoing, with respect to a dispute involving a Planning Party that is a United States government entity (including, but not limited to, a federal power marketing administration), this Agreement shall in all respects be interpreted, construed, and enforced in accordance with the laws of the United States. The Parties acknowledge that with respect to a Planning Party that is an agency of the United States federal government, under law in effect as of the Effective Date, such agency has not by this Agreement waived its sovereign immunity.

19.7 Equitable Relief

If the Planning Party seeks injunctive or other equitable judicial relief for the failure of ColumbiaGrid to comply with its obligations to the Planning Party under this Agreement, ColumbiaGrid agrees not to challenge such action on the basis that monetary damages would be a sufficient remedy.

19.8 Singular and Plural; Use of “Or”

Any use of the singular in this Agreement also includes the plural and any use of the plural also includes the singular. References to “or” shall be deemed to be disjunctive but not necessarily exclusive. References to “including,” “include,” and “includes” shall be deemed to mean “including but not limited to,” “include but not limited to,” and “includes but not limited to,” respectively.

19.9 Headings for Convenience Only

The section headings in this Agreement are intended for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any provisions of this Agreement.

19.10 Relationship of the Parties

19.10.1 No Partnership, Etc. Nothing contained in this Agreement shall be construed to create an agency, association, joint venture, trust, or partnership or to impose a trust or partnership covenant, obligation, or liability on or with regard to any of the Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities under this Agreement.

19.10.2 Rights Several. All rights of the Parties are several, not joint. Except as may be expressly provided in this Agreement, no Party shall have a right or power to bind any other Party without such other Party’s express written consent.

19.11 No Third Person Beneficiaries

This Agreement shall not be construed to create rights in, or to grant remedies to, any Third Person as a beneficiary of this Agreement or of any duty, obligation, or undertaking established in this Agreement. Nothing in this Agreement is intended to restrict the right of any Planning Party or Interested Party to seek an order from the Commission under the Federal Power Act.

19.12 No Dedication of Facilities

No undertaking by any Planning Party under or pursuant to any provision of this Agreement shall constitute or be deemed to constitute a dedication of all or any portion of such Planning Party’s Transmission System, to any other Party or to the public.

19.13 Nonwaiver

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 other default or other matter arising in connection with this Agreement. Any waiver must be delivered in writing, executed by an authorized representative of the Party granting such waiver. Any delay short of the statutory

period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

19.14 Further Actions and Documents

Each Party agrees to do all things, including, but not limited to, the preparation, execution, delivery, filing, and recording of any instruments or agreements reasonably requested by any other Party necessary to carry out the provisions of this Agreement.

19.15 Counterparts

This Agreement may be executed in counterparts, which may be executed at different times. Each counterpart shall constitute an original but all counterparts together shall constitute one and the same instrument. ColumbiaGrid shall maintain the original signature pages, and shall prepare and distribute a conformed copy of this Agreement to the Planning Parties.

19.16 No Expansion of Commission Authority

Nothing in this Agreement, or any undertaking by or with ColumbiaGrid, is intended to (a) create or grant the Commission authority over entities or matters which it would not otherwise have, (b) imply or establish that any Party agrees, or is precluded from contesting, as to whether or the extent to which the Commission has jurisdiction over a Party or matter or has the authority to order particular relief, ~~or~~ (c) create a contractual obligation under this Agreement to comply with any Facilities Order, or (d) confer upon the Commission any role as arbitrator under this Agreement or any other decision-making role not expressly conferred upon the Commission by the Federal Power Act.

19.17 Representation of Qualified Person Status

Each Planning Party, upon its execution and delivery of this Agreement, represents that such Planning Party is a Qualified Person.

19.18 Representation of Authority

Each Party, upon its execution and delivery of this Agreement, represents that it has authority to enter into and perform this Agreement. Each Party represents that the individual signing this Agreement on its behalf is authorized to sign this Agreement on behalf of the Party for which such individual signs.

19.19 Planning Parties Records and Information Sharing

Each Planning Party shall maintain and make available for ColumbiaGrid's inspection at such Planning Party's facilities, during normal business hours and upon request, data, records and drawings describing the physical and electrical properties of such Planning Party's Electric System, subject to any applicable provisions for protection of Confidential Information and CEII.

19.20 Other Reports

ColumbiaGrid may, upon reasonable notice to a Planning Party, request that such Planning Party provide ColumbiaGrid with such other information or reports as ColumbiaGrid may reasonably deem necessary for its performance of this Agreement. The Planning Party shall, except to the extent prohibited by law, make all such information or reports available to ColumbiaGrid within a reasonable period of time and in a form specified by ColumbiaGrid, subject to any applicable provisions for protection of Confidential Information and CEII.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in their respective names.

ColumbiaGrid

Avista Corporation

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Bonneville Power Administration

**Public Utility District No. 1 of
Chelan County, Washington**

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

**Public Utility District No. 2 of
Grant County, Washington**

By: _____
Title: _____
Date: _____

Puget Sound Energy, Inc.

By: _____
Title: _____
Date: _____

**The City of Seattle, a municipal corporation
of the State of Washington, acting by and
through its City Light Department**

By: _____
Title: _____
Date: _____

**Public Utility District No. 1 of
Snohomish County, Washington**

By: _____
Title: _____
Date: _____

**The City of Tacoma, Department
of Public Utilities, Light Division
(dba Tacoma Power)**

By: _____
Title: _____
Date: _____

**Public Utility District No. 1 of
Cowlitz County, Washington**

By: _____
Title: _____
Date: _____

**Public Utility District No. 1 of
Douglas County, Washington**

By: _____
Title: _____
Date: _____

Add for Enbridge, Inc.

APPENDIX A

PLANNING PROCESS

1. On-Going Planning Activities; Iterative Process; Interim Approval

Although the planning process identified in this Appendix is described sequentially, it is anticipated that the planning activities under this Agreement will be performed on a flexible, iterative, and non-sequential basis. Accordingly, for example, ColumbiaGrid may submit Draft Need Statements to the Board as needed for review and comment without waiting until such time as the Draft System Assessment Report is submitted for review and comment.

2. Criteria

2.1 Planning Criteria

ColumbiaGrid shall apply the then current versions of the following as Planning Criteria for its system assessment, System Assessment Reports, and ~~Needs~~Need Statements:

- (i) ~~(i)~~—planning standards applicable to TOPPs pursuant to law or regulation;
- (ii) ~~(ii)~~—NERC/~~WECC~~ planning reliability standards;
- (iii) ~~(iii)~~—recognized regional planning or other reliability or transmission adequacy criteria developed by the consensus of the TOPPs for use on the Transmission Systems (ColumbiaGrid may sponsor a process for development of such criteria); *provided that* a TOPP may have other planning criteria that are more stringent than the ColumbiaGrid standards for use on its own system; and
- (iv) ~~(iv)~~—with respect to planning criteria applicable to any particular TOPP, such additional criteria then accepted by such TOPP and communicated to ColumbiaGrid by written notice; *provided that* any such additional criteria shall apply only to such TOPP.

~~In addition, with respect to any alternative proposed by a Study Team participant, including a Project being considered by such Study Team,~~

2.2 Needs Criteria *[currently in Section 3 – should it be moved here?]*

2.3 Criteria for Project Selection

ColumbiaGrid shall apply the following as project selection criteria in Study Team, section 4.1.1, and Order 1000 Cost Allocation, section 10:

In developing a plan of service, Study Teams and ColumbiaGrid, as appropriate, shall evaluate ~~such alternative each proposed Project~~ using criteria that include the following:

(i) sponsorship and degree of development of ~~alternative~~ Project proposal;

(ii) feasibility;

~~(ii)~~(iii) coordination with any affected Transmission ~~Systems; and~~ System and any other Affected Persons;

(iv) economics;

~~(iii)~~(v) effectiveness of performance;

(vi) _____satisfaction of Need(s), including the extent to which the Project satisfies multiple Needs; and

(i) consistency with applicable state, regional and federal planning requirements and regulations.

2.4 Non-Transmission Alternatives

In the evaluation of a Non-Transmission Alternative, if the Study Team determines that such alternative has a reasonable degree of development, eliminates or defers the Need(s) being studied by the Study Team, and is reasonable and adequate under the criteria set forth in section 2.3 above, the Non-Transmission Alternative should be noted in the Plan. If such alternative is adopted by the Person on whose Electric System it would be located, such Non-Transmission Alternative shall be included in the assumptions used in future system assessments.

3. System Assessment Report and Need Statements

[Give further consideration to where this goes – also consider interplay with Area Coordinator responsibilities] ColumbiaGrid shall request from Merchant Transmission Developers who are not Planning Parties _____ to include in the Biennial Plan for informational purposes.

OR As a condition to having data reflected in the Biennial Plan, Merchant Transmission Developers who are not Planning Parties shall provide data regarding proposed transmission facilities that would affect or potentially affect a TOPP's Transmission System Paragraph 326; provided such data shall be included in the Biennial Plan for information purposes only and ColumbiaGrid's only obligation with respect to such information is to assess reliability and

Material Adverse Impacts potentially resulting from such transmission facilities. Paragraph 164 [have ColumbiaGrid develop information requirements?]

Each year, ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall prepare a Draft System Assessment Report ~~and that includes~~ Draft Need Statements for the Biennial Plan then being developed; *provided that* Draft Need Statements need not be prepared for a Draft System Assessment Report for the second year of a Planning Cycle for any Need already identified in the previous system assessment or for any Need that does not require a Near-Term EOP solution.

The procedure for the preparation of the Draft System Assessment Report and Draft Need Statements shall be as follows:

(i) ~~(i)~~—ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall perform ~~a system~~ an assessment through screening studies of the RIS using the Planning Criteria to ~~determine the ability of each TOPP;~~

a) Identify EOP Needs projected to serve, consistent with occur during the Planning Criteria, its network load Horizon; and native load obligations, if any, and

b) Identify needs other existing long term firm transmission obligations that are anticipated than EOP Needs projected to occur during the Planning Horizon.— as follows:

i. ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall consider and select transmission requirements to be analyzed in the System Assessment (such as requirements to address transmission needs driven by Public Policy Requirements), based upon applicable criteria including:

a. Requirement identified by a TOPP to respond to requests for transmission service and interconnection;

b. Requirement identified by a TOPP for increased capacity on its Transmission System;

c. Requirement identified by a TOPP for a Single System Project;

d. Requirement identified by any Person for increased transmission capacity on the RIS without reference to the

requirement of any particular TOPP. The criteria applied in considering and selecting any such requirement shall include the following:

1. The level of support for addressing the proposed transmission requirement (such as indications of willingness to purchase the capacity and existing transmission service requests that could use capacity consistent with this requirement);
2. The feasibility of addressing the proposed transmission requirement; and
3. The relationship between addressing the proposed transmission requirement and the potential for addressing other transmission requirements.

The Draft System Assessment Report shall set forth the basis upon which a proposed transmission requirement was not selected for evaluation. It is acknowledged and agreed that analysis, identification, and inclusion of a Need may not result in an Order 1000 Cost allocation for a Project that addresses such Need.
[think this paragraph might be moved to the end of (iii) below]

ColumbiaGrid shall base such assessment on the then current and appropriate WECC planning base cases; *provided that* Planning Parties shall provide updates to the input previously provided to ColumbiaGrid pursuant to section 4.6 of the body of this Agreement that was used by WECC to develop the planning base case. ColumbiaGrid shall update the then current WECC planning base case to reflect such updated information so that the system assessment reflects on-going transmission projects on the RIS and the likely completion dates of such projects to the extent such Projects and completion dates are reasonably forecasted to occur prior to the end of the Planning Horizon.

~~(i)~~(ii) ColumbiaGrid shall post drafts of the system assessment results as they become available during the system assessment process on its Website subject to any appropriate conditions to protect Confidential Information and CEII.

~~(ii)~~(iii) ~~(ii)~~—ColumbiaGrid, in coordination with Planning Parties and Interested Persons, shall prepare a Draft System Assessment Report. Such Draft Report shall identify Needs that the system assessment has projected to occur during the Planning Horizon. *It is acknowledged and agreed that analysis, identification, and inclusion of a Need may not result in an Order 1000 Cost Allocation for a Project that addresses such Need.?*

~~(iii)~~(iv) ~~(iii)~~—On an on-going basis, each TOPP shall endeavor to inform Staff of any material change in conditions or any Need with respect to such TOPP (anticipated to occur during the Planning Horizon) that is not reflected in the system assessment. ColumbiaGrid shall include any such Needs in its Draft System Assessment Report.

(v) ~~(iv)~~—ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall consider proposed projects and shall develop conceptual transmission solutions ~~to~~ that address

(a) any Need-, such as transmission needs driven by Public Policy Requirements, selected for evaluation in the system assessment process,

(b) that is not expected to result in a Single System Project.

ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall then identify which of ~~such~~EOP Needs and related conceptual solutions are likely to result in Near-Term EOPs.

~~(iv)~~(vi) ~~(v)~~—ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall develop a Draft Need Statement for each such Need and its conceptual transmission solution(s) so identified. Each such Draft Need Statement shall include the following information at a minimum:

- a) ~~(1)~~ a narrative description of the Need and the assumptions, applicable Planning Criteria, and methodology used to determine the Need;
- b) ~~(2)~~ one or more conceptual transmission-based solutions to meet the Need with estimated timelines and estimated costs to implement each such solution; and

- c) ~~(3)~~—an indication of whether a non-transmission solution might be viable to eliminate or delay the necessity for such a transmission-based solution.

In the event that the Planning Parties, Affected Persons and ColumbiaGrid do not reach consensus on the content of any such Draft Need Statement, Staff shall determine the content of such Draft Need Statement; *provided that* in making its determination, Staff shall consider any comments and possible transmission solutions suggested by any Planning Party or Affected Person; *provided further that* ColumbiaGrid shall note in the Draft Need Statement that it determined the content of such statement and shall report the comments of Planning Parties and Affected Persons.

~~(v)(vii)~~ ~~(vi)~~—ColumbiaGrid shall post drafts of the Draft Need Statements, as they become available, on the Website subject to any appropriate conditions to protect Confidential Information and CEII.

~~(vi)(viii)~~ ~~(vii)~~—ColumbiaGrid, in coordination with the Planning Parties and Affected Persons, will continue to work on EOP Needs not likely to result in Near-Term EOPs as needed and appropriate over time notwithstanding the fact that Draft Need Statements for such EOP Needs need not be prepared and included in the then current Draft System Assessment Report and Draft Need Statements.

~~(vii)(ix)~~ ~~(viii)~~—ColumbiaGrid shall present the Draft System Assessment Report and Draft Need Statements to the Board for review and comment.

4. Study Teams

ColumbiaGrid shall facilitate and participate in Study Teams. Planning Parties shall, and Affected Persons and Interested Persons may, actively participate in ColumbiaGrid planning activities through membership in Study Teams.

4.1.1 Scope of Study Team Activities. The general objective of ~~each~~ Study Team ~~for EOPs and Requested Service Projects~~ shall be, with respect to any Need(s) set out in a Need Statement(s), to collaboratively and timely develop a-all required elements of a Plan of Service as may be required to address such Need(s) as provided in this section 4.

In developing such Plan of Service, a Study Team will evaluate any of the following possible solutions, to a Need(s): proposed Projects, Non-Transmission Alternatives, and conceptual solutions that are

(a) reflected in the relevant Need Statement(s) or

(b) proposed by any Study Team participant to address such Need(s);

provided that the information, including Project that, with respect to data, needed in order for the Study Team to evaluate such proposed solution has been provided to ColumbiaGrid.

In performing such evaluation, the Study Team shall assess the ability of any such proposed solution to meet a Need(s) applying the criteria set out in section 2.2 above. Taking such assessments into account, Study Teams shall attempt to reach agreement on all of the elements, as appropriate, of a plan of service to meet such Need(s).

A Study Team's evaluation may not necessarily result in a Plan of Service.

The specific objective of a Study Team's discussions varies based upon the type of Project being developed. With respect to an EOP, a Study Team shall develop a Project that addresses an EOP Need in a Need Statement and, with, With respect to a Requested Service Project that affects more than a single Transmission System, the Study Team shall develop a Project that serves the request for service in a manner that meets time constraints in developing a Requested Service Project. Study Teams for With respect to a Capacity Increase Projects shall limit their activities to identifying and addressing Project, a Project sponsor that is a Planning Party may request a Study Team for project development. Where a Planning Party proposing a Capacity Increase Project has not requested a Study Team, any Affected Person may request a Study Team to identify and address Material Adverse Impacts resulting from such Project, if any; provided upon the request of such a Project's sponsor, Study Teams for such Projects may assist the Project's sponsor in the development of other elements of such Project. As part of the Study Team process, any Study Team participant may propose a transmission or non-transmission alternative to the Project being developed by such Study Team and shall provide information regarding the proposed alternative to assist in the evaluation of such proposed alternative under the criteria in Section 2. Capacity Increase Project.

4.1.2 Participation in Study Teams. Any Planning Party, Affected Person or Interested Person may participate in a Study Team, with the exception that participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law. TOPP(s) that are potentially materially affected by ~~aan~~ EOP Need or a Proposed EOP shall participate in the Study Team relating to such EOP Need or Proposed EOP. With respect to an EOP ~~Study Team~~, the TOPP(s) primarily affected by the EOP Need or a Proposed EOP shall assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to a Requested Service Project ~~Study Team~~, the TOPP(s) receiving a transmission service or interconnection request shall assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to a Capacity Increase Project ~~Study Team~~ for which the Project sponsor has requested that ~~thea~~ Study Team assist in ~~the Project~~ development ~~of some or all of the elements of such Project~~, the Planning Party proposing the Project shall assume primary responsibility for leading and performing necessary analytical work in the Study Team.

At such time that ColumbiaGrid determines that a TOPP that is not involved may be materially affected by the Project being developed, ColumbiaGrid shall so notify such TOPP, and such TOPP shall participate in the Study Team.

ColumbiaGrid shall participate in each Study Team and, as needed, manage and facilitate the Study Team process. ColumbiaGrid shall post drafts of summaries of the progress of the Study Teams, including developing Plans of Service.

5. Development of EOPs After Development of ~~Needs~~Need Statements

5.1 Formation of Study Teams

Staff shall hold a public meeting, with general notice to Planning Parties and Interested Persons and specific notice to those TOPPs that ColumbiaGrid anticipates may be affected, for the purpose of reviewing the Need Statements and soliciting participation in a Study Team to develop an EOP for each Need Statement. Staff shall also consider convening Study Teams that address more than one Need Statement. Staff shall monitor the progress of each Study Team and will, as appropriate, bring Study Teams together in order to resolve differences, gain planning efficiencies, or develop solutions that meet more than one Need Statement.

5.2 Elements of an EOP

The Study Team shall collaboratively develop a Proposed EOP. An EOP in a Biennial Plan (or Plan Update) shall include the following: a plan of service describing the modifications to the RIS to be made, list of Persons to make such modifications, estimated costs, schedule, cost allocation, allocation of transmission capacity increased or maintained by an EOP, and appropriate mitigation of Material Adverse Impacts resulting from such EOP; *provided* an EOP shall not impose unmitigated Material Adverse Impacts on the RIS.

5.3 Non-Transmission Alternatives

As part of the Study Team process, the Study Team shall evaluate, using criteria that include those identified in section 2 above, any Non-Transmission Alternative proposed by a Study Team participant. If the Study Team determines that such alternative has a reasonable degree of development, eliminates or defers the EOP Need(s) being studied by the Study Team, and is reasonable and adequate under such criteria, the Non-Transmission Alternative should be noted in the Plan and, if adopted by the Person on whose Electric System it would be located, included in the assumptions used in future system assessments.

5.4 Completion of a Proposed EOP

With respect to a Near-Term EOP, a Proposed EOP is ready for inclusion in a Draft Biennial Plan when all of the following that have actively participated in the Study Team have consented to each element of such EOP: Persons who would be identified as a Designated Person in section 6.1 of the body of this Agreement and any Person who would bear Material Adverse Impacts from such EOP if not for the mitigation included in the EOP.

[Timing of this – do we need to be more specific?] In the event that such Affected Persons do not reach agreement on any element(s) of a Near-Term EOP, the Staff shall make a recommendation for any unresolved element(s) of a Near-Term EOP and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff shall inform the Study Team regarding its recommendation and allow the Study Team the opportunity

to comment. In the event there is still not agreement among the Affected Persons, the Staff shall include its recommendation in the Draft Plan. In such event, ColumbiaGrid shall endeavor to make an equitable allocation of the costs of an EOP taking into account (i) the causation of the EOP Need giving rise to such EOP or (ii) the delay or elimination during the Planning Horizon of any EOP Need as a result of the EOP. Where there are two affected TOPPs, and one has a EOP Need and the best way to meet that EOP Need is to upgrade facilities on the other TOPP's system, ColumbiaGrid shall allocate costs in a form of Facilities Agreement to the TOPP causing the EOP Need. ColumbiaGrid may also allocate costs to a TOPP in a Facilities Agreement whose EOP Need does not give rise to the Staff-Recommended EOP but that has a EOP Need during the Planning Horizon that is met by such EOP; *provided that* ColumbiaGrid shall not allocate costs to such TOPP in an amount that exceeds the cost that would have been incurred by such TOPP had it met its EOP Need with a separate EOP. The Staff shall not allocate costs based upon other potential future system benefits. When the Staff submits the Draft Plan to the Board for approval, the Staff shall identify such elements and shall include a summary analysis of minority positions on any aspect of such Staff-Recommended EOP.

6. Requested Service Projects

6.1 Receipt of Transmission Service or Interconnection Request

Each TOPP shall receive new transmission and interconnection requests in accordance with such TOPP's procedures; *provided that* if ColumbiaGrid offers a functional agreement to provide processing services for transmission or interconnection requests in addition to those provided in this Agreement, eligible TOPPs may sign such agreement. With respect to any request for transmission service or interconnection received by any Planning Party, nothing in this Agreement shall preclude any Planning Party from responding if and as such Planning Party determines is appropriate under its OATT.

6.2 Requested Service Assessment; Formation of Study Teams

When a TOPP has a completed transmission service application, determines that it does not have sufficient capacity to serve such request and reasonably believes that the requested service may impact a transmission system other than that of such TOPP, and the customer has indicated to the TOPP that it wants to pursue further study, such TOPP shall notify ColumbiaGrid that it has a request for a study. ColumbiaGrid shall perform a Requested Service Assessment to determine which transmission systems, including those of non-Planning Parties, are affected.

When a TOPP has received an interconnection request and reasonably believes that such request or a Project to satisfy the request will affect a transmission system other than that of such TOPP, such TOPP shall notify ColumbiaGrid of such request and such determination. ColumbiaGrid shall perform a Requested Service Assessment to determine which transmission systems, including those of non-Planning Parties, are affected.

In each such instance above, ColumbiaGrid shall notify those Persons it determines are potentially Affected Persons and convene a Study Team, which should develop a study agreement in accordance with the TOPP's policies and procedures; *provided that* participation in

Study Teams convened for an interconnection request may, consistent with such TOPP's OATT, be limited to the requesting Person and Affected Persons. ColumbiaGrid, in consultation with Planning Parties and Interested Persons, shall cluster requests for purposes of performing studies when practical. The TOPP with the request shall inform its transmission or interconnection requesting Person regarding the needed study and the estimated costs. If the transmission or interconnection requesting Person is willing to assume the costs of such study and instructs the TOPP to proceed, the Study Team shall develop a solution to provide sufficient capacity to serve the request.

Upon execution of a study agreement, ColumbiaGrid will (subject to any applicable confidentiality requirements under the OATT under which the transmission or interconnection service request was submitted) post the request, information concerning any clustering of the request, the identity of the parties to the study agreement, and the study schedule, and will from time to time update the posting to provide other pertinent information.

6.3 Elements of a Requested Service Project

The Study Team shall collaboratively develop a Proposed Requested Service Project. Each TOPP that receives a transmission service or interconnection request shall retain its obligation under its OATT to perform studies, with participation of the requestor as appropriate in accordance with the TOPP's procedures. A Requested Service Project in a Biennial Plan (or Plan Update) shall include a Plan of Service, estimated costs, transmission capacity allocation, cost and ownership allocation, and schedule.

6.4 Completion of a Proposed Requested Service Project

A Proposed Requested Service Project is ready for inclusion in a Draft Plan when (i) all of the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team have agreed to each element of such Requested Service Project, and (ii) the Study Team has confirmed that such Project meets the request and has appropriately mitigated Material Adverse Impacts resulting from such Project on any transmission systems, and (iii) the requestor has agreed to pursue the Project. Such Requested Service Project may be memorialized in a project agreement prior to its inclusion in a Draft Plan and, in such instance, is being included in such Draft Plan for information purposes. In the event that such Affected Persons do not reach agreement on a Requested Service Project in whole or in part within a reasonable time, Staff shall make a recommendation for any unresolved element(s) and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff shall inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement amongst the Affected Persons, the Staff will develop a recommended Planplan of Serviceservice. If there is an accompanying EOP Need which can be delayed or eliminated by the Requested Service Project within the Planning Horizon, ColumbiaGrid shall endeavor to make an equitable allocation of costs of such Staff-Recommended Requested Service Project based upon the affected TOPP's OATT requirements and the delay or elimination of the EOP Need. ColumbiaGrid may allocate costs in a Facilities Agreement to a TOPP that has a EOP Need during the Planning Horizon that is met by the Requested Service Project; *provided that* ColumbiaGrid shall not allocate costs in an amount that exceeds the cost that would have been incurred by such TOPP had it met its EOP Need with a

separate EOP. The Staff shall not allocate costs based upon other potential future system benefits. A Staff-Recommended Requested Service Project shall not have any unmitigated Material Adverse Impacts resulting from such Project on any transmission systems. The Staff may present more than one Recommended Requested Service Project for the Board to select from. When the Staff submits the Staff Recommended Project to the Board for approval, the Staff shall identify any unresolved element(s) and shall include a summary analysis of positions advanced by any Affected Persons on such unresolved element(s). If the Staff-Recommended Requested Service Project is approved by the Board and agreed upon by the requestor and all Affected Persons it will be included in the Draft Plan.

7. Single System Projects

7.1 Notification of Single System Projects

Each Planning Party shall advise ColumbiaGrid of any Single System Projects that it is planning on its Transmission System.

If the system assessment performed by Staff under section 3 of this Appendix identifies a **EOP** Need on a single Transmission System, Staff shall inform the subject TOPP of such **EOP** Need and, if such TOPP concludes that such **EOP** Need may be resolved on its Transmission System, the TOPP shall inform ColumbiaGrid of such resolution. In such instances, the Staff will include such **EOP** Need in the Draft System Assessment Report for information purposes. If any Affected Person requests a Study Team to evaluate Material Adverse Impacts resulting from a potential Single System Project at a “section 3 meeting” to discuss the Draft System Assessment Report and Need Statements, ColumbiaGrid shall convene such a Study Team.

The TOPP shall submit proposed Single System Projects to ColumbiaGrid. ColumbiaGrid shall inform the Planning Parties regarding any such Single System Project. If any Planning Party is concerned that such Single System Project will result in unmitigated Material Adverse Impacts, ColumbiaGrid shall convene a Study Team to evaluate whether there are unmitigated Material Adverse Impacts. If there are not unmitigated Material Adverse Impacts, ColumbiaGrid shall include such Single System Projects in the Plan for information purposes and include such Single System Project in future system assessments. If there are unmitigated Material Adverse Impacts, such Project is not a Single System Project and should be further developed through the ColumbiaGrid planning process as an EOP.

8. Capacity Increase Projects

8.1 Notification of Capacity Increase Projects

Each Planning Party shall advise ColumbiaGrid of any Capacity Increase Projects that it is planning or anticipates participating in on the RIS.

8.2 Formation of Study Team

8.2.1 Formation of Study Team for Project Development

If the Project's sponsor requests a Study Team for project development, ColumbiaGrid will ~~determine whether there is sufficient interest and, if so, shall~~ convene such Study Team for such ~~purposes.~~ purpose.

8.2.2 Formation of Study Team for Evaluation of Material Adverse Impacts

If any Affected Person requests a Study Team to evaluate Material Adverse Impacts resulting from a Capacity Increase Project for which a Study Team has not otherwise be requested pursuant to section 8.2.1, ColumbiaGrid shall convene ~~such~~ a Study Team to evaluate material impacts.

[concerns re confidentiality re negotiations – can that be protected?]

8.3 Elements of Capacity Increase Project

[Timing of this – do we need to be more specific?] A Capacity Increase Project in a Biennial Plan (or Plan Update) shall include the following: plan of service, estimated costs, the expected amount of transmission capacity added for each new or existing path, reasons for the Project, alternatives considered using the project evaluation criteria in section 3, the Persons who are responsible for the costs and construction of the project, the owners and operators of the added facilities, schedule, including estimated completion date, transmission rights allocation, Material Adverse Impacts, if any, and any mitigation of Material Adverse Impacts; *provided that* any unmitigated Material Adverse Impacts shall be subject to resolution in the WECC regional planning or path rating process. To the extent that any such details are included in a Draft Biennial Plan, Draft Plan Update, or Biennial Plan or a Plan Update, such inclusion shall be for information purposes only, and the Board may only note Material Adverse Impacts in accordance with section 10.4.1.3 of this Appendix.

8.4 Request for Cost Allocation for Capacity Increase Project

A Planning Party may request a cost allocation recommendation from ColumbiaGrid on a Capacity Increase Project if the related Study Team is unable to come to voluntary agreement on the cost allocation. This recommendation is non-binding but can be used by the Study Teams to facilitate agreement on cost allocation. If ColumbiaGrid is otherwise unable to arrive at a non-binding recommendation for cost allocation as provided in this section, ColumbiaGrid's non-binding recommendation shall be to allocate 100 percent of the costs of such Capacity Increase Project among the Persons participating in such Capacity Increase Project in proportion to the expected amount of added transmission capacity to be received by each such Person from such Capacity Increase Project.

9. Expanded Scope Projects

9.1 Assessing Interest in Expanding the Scope of Project

Prior to including any Project in a Draft Biennial Plan or Draft Plan Update, the Staff shall determine, in an open process, whether there is interest in expanding the scope of such Project; *provided* absent agreement of the TOPP(s) whose Transmission System(s) has a

projected EOP Need, consideration of the request to expand the scope of an EOP may not unreasonably delay project development beyond the point where there is sufficient lead time for the original Project to be completed to meet ~~the~~such Need or as otherwise required.

9.2 Formation of Study Team

If there is interest, Staff shall establish a Study Team to evaluate and develop the expansion. Those Planning Parties or Interested Persons who are interested in becoming project sponsors shall assume primary responsibility for leading and performing necessary analytical work, and shall be responsible for the study costs of evaluating the expansion.

9.3 Completion of a Proposed Expanded Scope Project

The Staff shall assist the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team in resolving transmission capacity rights issues if such Persons are unable to reach agreement. An Expanded Scope Project shall be included in a Plan (or Draft Biennial Plan or Draft Plan Update) in lieu of the Project without expansion only when (i) the sponsors of the expansion have agreed to fund the incremental cost of such Expanded Scope ~~Projects~~Project, (ii) each sponsor of the Project as originally configured would receive equivalent or better service (including meeting the Need) at no greater cost than it would have paid for the original Project, and (iii) such Project would not have unmitigated Material Adverse Impacts.

9.4 Cost Allocation Recommendations for Expanded Scope Project and Project with Multiple Classifications

An Expanded Scope Project may be a combination of one or more EOPs, Requested Service Projects, Capacity Increase Projects, and Single System Projects. The provisions governing ColumbiaGrid cost allocation recommendations for such types of Projects will be applied to the various portions of any Expanded Scope Project and Projects with multiple classifications as applicable.

10 Order 1000 Projects and Cost Allocation

10.1 Qualification as an Order 1000 Project

In order for a Project to receive an Order 1000 Cost Allocation, a Planning Party must make a timely request that such Project be selected as an Order 1000 Project in accordance with section 10.1.1 below and the proposed Project and its Order 1000 Sponsor must meet the requirements set out in section 10.1.2 below:

10.1.1 Request for Selection as Order 1000 Project [Timing – trending towards making it earlier, provided that the Project can evolve through the planning process]

Not later than 30 days after a Study Team has **been convened? Issued a Study Team Report?**, a Planning Party that could potentially be allocated costs related to such Study Team Report has requested that such proposed Project be selected as an Order 1000 Project. Such

request shall be submitted in writing to ColumbiaGrid. ColumbiaGrid shall post all such requests on the ColumbiaGrid Website.

10.1.2 Order 1000 Project Selection Criteria

An Order 1000 Sponsor may not request Order 1000 Cost Allocation for a Capacity Increase Project for which such Order 1000 Sponsor has not requested a Study Team pursuant to section 8.2.1. As part of the open, transparent, and collaborative development of a plan of service to address such Need(s) pursuant to Appendix A, section 4, the Study Team or ColumbiaGrid, as appropriate, shall evaluate and determine whether the following criteria are met. If they are, ColumbiaGrid shall select the proposed Project for purposes of Order 1000 Cost Allocation.

- a. The Planning Party's proposed Order 1000 Project:
 - i. Meets such Need(s);
 - ii. Is determined by the Study Team or ColumbiaGrid, as appropriate, the more efficient and cost effective alternative to meet such Need(s) [belt and suspenders? – using the project selection criteria set out in section 2.3 above]; and
- b. The Order 1000 Sponsor(s):
 - i. Is found by ColumbiaGrid to meet the project developer qualifications set out below; [timing?]
 - ii. Has submitted required information, including Project data; and
- c. The Affected Persons have attempted to and been unable to reach agreement on cost responsibility.

To the extent the Order 1000 Sponsor(s) and its proposed Project do not meet the above requirements, ColumbiaGrid shall document the deficiencies in the then-current Draft Plan and Biennial Plan.

The Planning Party proposing the Project may withdraw its request for an Application of an Order 1000 Cost Allocation Methodology at any time [Need to reduce game-playing – once a Planning Party has requested that a Project be selected for Order 1000 cost allocation it can no longer receive PEFA cost allocation].

10.2 Project Developer Qualifications [further review needed in light of Order 1000-A]

ColumbiaGrid shall review the qualifications of any Order 1000 Sponsor of a Project that is being proposed as an Order 1000 Project to determine whether such Planning Party is technically, financially, and otherwise capable of:

- (i) developing, licensing, and constructing the proposed transmission project in a timely and competent manner; and
- (ii) owning, operating, and maintaining the proposed project facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the proposed project.

Such Order 1000 Sponsor must be a PEFA Party at the time it submits the proposed project into the ColumbiaGrid planning process. The following factors will be considered in determining such eligibility:

- (a) The current and expected capabilities of the Order 1000 Sponsor to finance, license, develop, and construct the proposed facilities and to own, reliably operate, and maintain them for the life of the proposed project;
- (b) The Order 1000 Sponsor's existing rights of way and substations that would contribute to the proposed project;
- (c) The experience of the Order 1000 Sponsor in acquiring rights of way, and the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction of the proposed project;
- (d) The proposed schedule for development and completion of the proposed project and demonstrated ability to meet that schedule of the Order 1000 Sponsor;
- (e) The financial resources of the Order 1000 Sponsor;
- (f) The technical and engineering qualifications and experience available to the Order 1000 Sponsor as they relate to the proposed project;
- (g) The previous record of the Order 1000 Sponsor regarding construction and maintenance of transmission facilities with respect to facilities such as the proposed project;
- (h) Demonstrated capability to adhere to construction, maintenance, and operating practices consistent with Good Utility Practices with respect to facilities such as the proposed project;
- (i) Demonstrated ability to assume liability for major losses resulting from the failure of or damage to facilities that may be associated with the proposed project;
- (j) Demonstrated cost containment capability and other advantages the Order 1000 Sponsor may have in developing and constructing the proposed project.

10.3 Application of Order 1000 Cost Allocation Methodology.

After ColumbiaGrid has selected a Project for an Order 1000 Cost Allocation, unless the Planning Party requesting an application of the Order 1000 Cost Allocation Methodology has withdrawn its request, ColumbiaGrid shall apply its Order 1000 Cost Allocation Methodology in accordance with the following:

- (i) The Staff shall make a preliminary application of such methodology as follows:
 - a. Determine such Order 1000 Project's costs;
 - b. Quantify the aggregate Benefits to the TOPPs from such Order 1000 Project;
 - c. Determine whether such Order 1000 Project's benefit/cost ratio is equal to or greater than 1.0 (for example, production cost savings);
- (ii) For an Order 1000 Project whose benefit/cost ratio is equal to or greater than 1.0, the Staff shall:
 - a. Identify the TOPPs who would receive a Benefit
 - b. Determine the portion of the costs of such Order 1000 Project to be allocated to such TOPPs in proportion to its relative share of the aggregated Benefits; *provided* a TOPP shall not receive an allocation of costs that would exceed the Order 1000 Cost Allocation Benefits received by such TOPP over the Planning Horizon; *provided further* no TOPP whose Need is met by a Order 1000 Project shall be allocated more costs than such TOPP would have otherwise incurred to meet such Need plus, in the case of a Capacity Increase Project, the Value to such TOPP of any Usable Capacity on its Transmission System that does not meet a Need on its Transmission System.
 - c. The Staff shall document the results of its application of the Order 1000 Cost Allocation Methodology in a draft Preliminary Order 1000 Cost Allocation Report.
 - d. The Staff shall share its draft Preliminary Order 1000 Cost Allocation Report with the Study Team that developed the Order 1000 Project and provide them an opportunity to comment. The Staff shall evaluate the comments and reflect them in a Preliminary Order 1000 Cost Allocation Report as follows:

- i. If the Staff agrees with any corrections raised by a Study Team participant, the Staff shall correct the results of its application in the Preliminary Order 1000 Cost Allocation Report.
- ii. If the Staff disagrees with any corrections raised by a Study Team participants, the Staff shall summarize the proposed corrections and document the reason why the Staff did not accept the proposed corrections in the Preliminary Order 1000 Cost Allocation Report.
- e. After the Staff has prepared its Preliminary Order 1000 Cost Allocation Report, in the event there is still not agreement among the Affected Persons with respect to cost responsibility, the Staff shall include such Preliminary Order 1000 Cost Allocation Report in the Draft Plan.
- f. The Board shall review the Preliminary Order 1000 Cost Allocation Report and, if it is acceptable in its entirety, approve such report as part of its adoption of the Biennial Plan. Any elements that are not approved by the Board shall be remanded to the Staff which may, in cooperation with the Study Team, revise the Preliminary Order 1000 Cost Allocation Report and resubmit it to the Board; *provided that the Board may modify a Preliminary Cost Allocation Report to the extent such modification is supported by the record.*

10. Process for Adoption of Plans

10.1 Draft Plan

10.1.1 Contents of Draft Plan. The Staff shall prepare a Draft Plan based upon the ColumbiaGrid planning process that contains:

- (i) Recommended Projects
 - a. EOPs
 - i. Recommended Near-Term EOPs
 - A. Recommended Near-Term EOPs, including an analysis of how such Projects meet their respective **EOP** Needs and a verification that each EOP does not result in unmitigated Material Adverse Impacts on any transmission system;
 - B. Staff-Recommended Near-Term EOPs, including an analysis of how such Projects meet their respective **EOP** Needs, a verification that each such EOP does not result in unmitigated Material Adverse Impacts on any transmission system, and an

analysis supporting any other Staff-recommended elements, such as cost or capacity allocation; *provided that* Staff may only submit recommendations for Near-Term EOPs for which the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team have been unable to reach agreement in whole or in part; *provided further that* the Staff shall also provide for informational purposes the alternative opinions developed during the study process;

ii. Recommended EOPs that the Affected Parties agree are ready for implementation, including an analysis of how such Projects meet their underlying EOP Needs and a verification that each such Project does not result in Material Adverse Impacts on any transmission system;

iii. A list of alternative plans of service for EOPs that were identified and considered in the ColumbiaGrid planning process for possible inclusion in the Draft Plan; and

iv. A list of Non-Transmission Alternatives that resulted in a delay/deferral or elimination of a EOP Need.

b. Recommended Requested Service Projects

i. Recommended Requested Service Projects, including an analysis of how such Projects meet the underlying transmission service and interconnection requests and a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system;

ii. Staff-Recommended Requested Transmission Projects, including an analysis of how such Projects meet the underlying transmission service or interconnection requests and a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other Staff-recommended elements; and

iii. A list of alternative plans of services/service for Requested Service Projects that were identified and considered in the ColumbiaGrid planning process for possible inclusion in the Draft Plan;

c. Capacity Increase Projects, ~~including, if any;~~

i. [Might need to add Recommended Capacity Increase Projects and Staff-Recommended Capacity Increase Projects]

ii. An identification of unmitigated Material Adverse Impacts on any transmission system

iii. A list of Non-Transmission Alternatives that could result in a deferral or elimination of a Capacity Increase Project.

iv. A list of alternative plans of service, including other potentially more efficient or cost-effective solutions and projects driven by public policy considerations for Capacity Increase Projects that were identified and considered in the ColumbiaGrid planning process for possible inclusion in the Draft Plan;

d. Single System Projects;

e. Expanded Scope Projects; including a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system;

[Order 1000 information is required to be in draft plan per Order 1000 section – we should probably add it here too]

f. System Assessment Report and Need Statements;

g. A list of Study Teams and their participants; and

h. Other information that the Board may find helpful in making its decision.

In preparing the Draft Plan, the Staff shall solicit and consider the comments of Interested Persons, Affected Persons, and Planning Parties. The Staff shall post a preliminary Draft Plan on the Website and obtain stakeholder comment prior to finalizing the Draft Plan and may include a summary of the comments received; *provided that* the Staff shall redact Confidential Information and CEII from the Draft Plan that is made public. The Staff shall include such redacted information in the Draft Plan submitted to the Board. The Staff shall include the documentation as the Staff finds appropriate for purposes of Board review and action; *provided* the documentation should be sufficient for subsequent review in an appropriate forum. The Draft Plan shall clearly identify which Projects (i) must be commenced in the upcoming Planning Cycle in order to have sufficient lead time for implementation or are ready for implementation, (ii) have planning underway but do not require commencement in the upcoming Planning Cycle yet are ready for implementation, or (iii) have planning at a conceptual or preliminary stage.

10.1.2 Timing. The Staff shall submit the Draft Plan for Board adoption at a time interval no greater than every two years.

10.2 Review Process

The Board shall review the Draft Plan in an open, public process. In doing so, the Board shall make available the draft Plan, study reports and electronic data files, subject to appropriate protection of Confidential Information and CEII to all Planning Parties and Interested Persons and provide the public an opportunity to supply information and provide written or oral comments to the Board. The Board may adopt additional procedures to carry out its review process.

10.3 Basis for Plan Adoption

The Board shall base its review and adoption of the Plan on the technical merits of the Draft Plan, the consistency of the Projects listed in the Draft Plan with the Functional Agreement, and considering comments and information provided during the review process.

10.4 Plan Adoption

The Board shall review and take action regarding the Draft Plan as follows:

10.4.1 Recommended Projects

10.4.1.1 EOPs

10.4.1.1.1 Recommended Near-Term EOPs and

Recommended EOPs. The Board shall review and may approve the following with respect to each Recommended EOP: the Study Team's determination that (i) it meets its underlying **EOP** Need Statement(s) and (ii) does not impose unmitigated Material Adverse Impacts. Those elements that are not approved by the Board shall be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further consideration and analysis and development.

10.4.1.1.2 Staff-Recommended EOPs. The Board shall review and may approve the following with respect to each Staff-Recommended EOP: the Staff determination that it meets its underlying Need Statement(s), its **Planplan** of **Service** service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. **The Board shall review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not selected any such alternative.** Those elements that are not approved by the Board shall be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

10.4.1.2 Requested Service Projects

10.4.1.2.1 Recommended Requested Service Projects. The Board shall review and may approve the Study Team's determination that each Recommended Requested Service Project (i) serves its underlying transmission service or interconnection request and (ii) does not result in any unmitigated Material Adverse Impacts on any transmission system; *provided that* no Recommended Requested Service Project shall be included in any Plan unless the requestor and all Affected Persons agree upon such Requested Service Project. If the Board determines that there are unmitigated Material Adverse Impacts, such Project shall be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

10.4.1.2.2 Staff-Recommended Requested Service Projects. The Board shall review and may approve the Staff's determination that each Staff-

Recommended Requested Service Project serves the underlying transmission service or interconnection request, the Plan of Service, transmission capacity allocation, sponsorship, and mitigation of Material Adverse Impacts resulting from such Project on any transmission system; *provided that* no Staff-Recommended Requested Service Project shall be included in any Plan unless the requestor and all Affected Persons agree upon such Requested Service Project. The Board shall review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not select any such alternative. Those elements that are not approved by the Board shall be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

10.4.1.3 Capacity Increase Projects. The Board shall review and may approve the Study Team's evaluation of determination that each Capacity Increase Project (i) meets its underlying Need Statement(s) and (ii) does not result in any unmitigated Material Adverse Impacts resulting from each such Project on any transmission system. ~~The Board shall not disapprove or modify project elements (developed by the~~; *provided that* no Capacity Increase Project ~~sponsor(s) or a Study Team) as such information is only~~ shall be included in the Draft Plan for informational purposes, unless the requestor and all Affected Persons agree upon such Capacity Increase Project. If the Board determines that there are unmitigated Material Adverse Impacts resulting from such a Project on any transmission system, the Board shall note such Material Adverse Impacts in the Plan and defer such Project shall be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis or defer resolution of such Material Adverse Impacts ~~into~~ the WECC regional planning or path rating process.

10.4.1.4 Expanded Scope Projects. The Board shall review and may approve the Study Team's determination that there are no unmitigated Material Adverse Impacts resulting from each such Expanded Scope Project on any transmission system and, for Expanded Scope Projects that have an underlying EOP or Requested Service Project, the underlying EOP Need or request is still met with an equivalent or better service at no greater cost than it would have paid for the underlying project. The Board shall not disapprove or modify project elements associated with the project expansion (developed by the Project sponsor(s) or a Study Team) ~~as such information is only included in the Draft Plan for informational purposes.~~ If the Board determines that there are unmitigated Material Adverse Impacts resulting from such a Project on any transmission system or that the underlying EOP Need or request is not met with an equivalent or better service at no greater cost than it would have paid for the underlying project, the Board shall remand such Project to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

[Order 1000 information is required to be in plan per Order 1000 section – we should probably add it here too]

10.4.2 Other Information Included in the Draft Plan. The Board shall include in the Biennial Plan for informational purposes all of the other content in the Draft Biennial Plan that was provided for informational purposes unless the Board determines it has good cause not to include such content.

10.4.3 Remands. In the event that the Board remands an item to the Staff and the Study Teams for further analysis and discussion, the Board shall identify specific questions or concerns to be answered or further researched by the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team before the Board approves or confirms the matter that has been remanded. If the Board determines that a transmission alternative submitted in the public review process or that a transmission alternative to a Staff-Recommended Project is potentially preferable to the proposed Staff-Recommended Project, the Board may remand such alternative to the Staff, Planning Parties, and Interested Persons for further analysis and discussion. The Board and Staff shall attempt to minimize the total number of times a Project is remanded.

10.4.4 Reconsideration Process. The Board shall develop and make available a reconsideration process that provides Persons who are materially impacted by such decision and did participate in any underlying Study Team to request within ten days that the Board reconsider a specific decision within the Board's approval. If reconsideration of a Board decision is sought by any such Person, ColumbiaGrid shall promptly convene a meeting, chaired by the ColumbiaGrid President, to which it invites the chief executive officer or equivalent executive of all Affected Persons to determine whether they can reach agreement on the disputed decision. If agreement is not reached, the Board shall pursue the reconsideration process. The reconsideration process will provide for input from all involved Persons (including Planning Parties) and Staff, and the Board will make its reconsidered decision known within 90 days from the date of the request. If, upon reconsideration, the Board modifies its decision, the modification shall also be subject to a petition for reconsideration.

10.4.5 Post-Board Approval Project Modifications. In the event that Project sponsor(s) discover during siting and environmental review processes that modifications are needed to an EOP in order for such EOP to receive needed regulatory approval or in order to implement such EOP, the Staff shall review the proposed modification(s) in a public process to determine whether the proposed modified Project continues to satisfy the EOP Need and whether Material Adverse Impacts to transmission systems, if any, are mitigated. The Staff shall communicate the results of its findings to the Board as follows.

10.4.5.1 Summary Change Statement. Staff will provide a summary change statement to the Board when such changes are found by Staff to resolve the problem, mitigate Material Adverse Impacts, if any, and have the support of Affected Persons. In these situations the Board will not be required to take action for the revised plan to be included in the next Plan.

10.4.5.2 Staff Recommendation. Staff, when it finds any of the following,

- (i) the Plan of Service being implemented does not resolve the EOP Need,
- (ii) there is disagreement between or among the sponsors and participants as to the Plan of Service, sponsorship, schedule, cost allocation, or transmission rights allocation, or
- (iii) mitigation of Material Adverse Impacts is lacking,

will provide a recommendation to the Board on what actions if any the Board should take. For example, the Staff recommendation could be one or a combination of the following: (i) withdraw Board approval or acceptance of the Project, (ii) address the situation in a subsequent system assessment, (iii) start a Study Team to look at alternatives, or (iv) bring the Affected Persons together to see if there is interest in having ColumbiaGrid mediate differences.

10.4.5.3 Board Consideration. In these situations, the Board shall consider the Staff recommendation and shall accept the recommendation or ask the Staff to reconsider its recommendation in light of additional factors that the Board may want included in the recommendation. No Project modification pursuant to this section 10.4.5 shall be deemed to amend any Facilities Agreement, and any amendment to any Facilities Agreement shall be subject to and pursuant to the provisions of such Facilities Agreement for its amendment (and subject to the provisions of section 6.2 of the body of this Agreement).

11. Initial Steps; Compilation of Existing Planning Documents

Within six months after the execution of this Agreement, ColumbiaGrid shall request from the Planning Parties that each provide its then current transmission expansion plan to ColumbiaGrid. Using the material provided by the Planning Parties, ColumbiaGrid shall compile the plans of service and post such compilation on its Website.