

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

United States Department of Energy)
Bonneville Power Administration) Docket No. NJ13-
Transmission Service Terms and Conditions)

**BONNEVILLE POWER ADMINISTRATION’S PETITION FOR RECIPROCITY
APPROVAL OF AMENDMENTS TO ATTACHMENT K TO ITS OPEN ACCESS
TRANSMISSION TARIFF ADDRESSING ORDER NO. 1000 INTERREGIONAL
REFORMS AND FOR EXEMPTION FROM FILING FEE**

Pursuant to 18 C.F.R. § 35.28(e) and 18 C.F.R. § 385.207, Bonneville Power Administration (“Bonneville”) hereby petitions the Federal Energy Regulatory Commission (“Commission”) for a determination that the attached amendments to Attachment K to Bonneville’s Open Access Transmission Tariff (“OATT”) substantially conform, or are superior to, the *pro forma* OATT as it has been amended by Order Nos. 1000, 1000-A, and 1000-B¹ and for an exemption from the filing fee.

In this filing, Bonneville submits amendments to its Attachment K that address the interregional coordination, joint evaluation, and cost allocation reforms of Order Nos. 1000, 1000-A, and 1000-B.

Bonneville is a party to the ColumbiaGrid Planning and Expansion Functional Agreement (“PEFA”).² Bonneville participated, both individually and through ColumbiaGrid as

¹ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011) (“Order No. 1000”), *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 (2012) (“Order No. 1000-A”), *order on reh’g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) (“Order No. 1000-B”) (collectively referred to as “Order 1000”).

² The Third Amended and Restated PEFA (“Third Amended PEFA”), which includes PEFA amendments to comply with the regional planning and cost allocation requirements of Order No. 1000, is currently before the Commission in docket Nos. ER13-93 and ER13-98. ColumbiaGrid public utility transmission providers Avista Corporation’s (“Avista”) and Puget Sound Energy, Inc.’s (“PSE”) Order No. 1000 regional compliance filings are also before the Commission in docket Nos. ER13-93 and ER13-99. Bonneville’s reciprocity filing addressing the Order No. 1000 regional planning and cost allocation reforms is pending in Commission docket No. NJ13-1.

a PEFA party, in the development of the Common Tariff Language³ with public utility transmission providers that are members of the other transmission planning regions in the United States part of the Western Interconnection. Attached to this Petition is the May 10, 2013, Order 1000 interregional compliance filing letter (“Coordinated Filing Letter”) submitted by the public utility transmission providers of the other regions.⁴ Bonneville requests that the Commission consider the Coordinated Filing Letter as part of its review of this Petition. This Petition supplements the Coordinated Filing Letter with information specific to ColumbiaGrid and to Bonneville’s proposed revisions to its OATT Attachment K addressing Order No. 1000’s interregional coordination and cost allocation reforms.

This filing includes the following items:

1. Bonneville’s petition for Reciprocity Approval of Amendments to Attachment K to Its Open Access Transmission Tariff Local and Regional Transmission Planning Processes and for Exemption From Filing Fee.
2. A copy of the Coordinated Filing Letter (Appendix A).
3. A copy of the draft Fourth Amended PEFA, redlined showing the proposed revisions to the Third Amended PEFA (Appendix B).
4. Redlined and clean copies of revised tariff sheets showing the proposed revisions to Attachment K (contained within the eTariff filing package).

I. COMMUNICATIONS

Communications concerning this proceeding should be addressed to:

³ The Common Tariff Language was submitted to the Commission by public utility transmission providers in the other transmission planning regions in the United States part of the Western Interconnection on May 10, 2013, as part of their Order 1000 interregional compliance filings in Commission docket Nos. ER13-1470, 1457, 1467, 1448, 1473, 1463, 1450, 1472, 1474, 1471, 1465, 1466, 1469, 1447, 1461, and 1462 (“Common Tariff Language”).

⁴ ColumbiaGrid transmission providers were not signatories to the Coordinated Filing Letter because proposed PEFA changes to implement the Common Tariff Language, and therefore proposed changes to OATT Attachment Ks, were not complete by May 10, 2013.

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Bonneville respectfully requests that the individuals identified above with an asterisk be placed on the Commission's official service list in this proceeding and be designated for service pursuant to Rule 2010, 18 C.F.R. § 385.2010. Bonneville respectfully request waiver of 18 C.F.R. § 385.203(b)(3) to provide that a copy of any communication be served on each person designated above.

II. REQUEST FOR EXEMPTION FROM FILING FEE

Commission regulations provide that anyone engaged in the official business of the Federal Government is exempt from the fees required by 18 CFR Part 381 and may petition for exemption in lieu of the applicable fee. 18 C.F.R. § 381.108. Bonneville is an agency within the United States Department of Energy. It is a Federal power marketing administration with its principal place of business at 905 N.E. 11th Avenue, Portland, Oregon. Bonneville requests exemption from the filing fee.

III. EFFECTIVE DATE OF REVISIONS

The Commission has said that it will not determine an effective date for a Bonneville OATT revision.⁵ Bonneville's proposed Attachment K revisions submitted in this filing include language from the proposed Fourth Amended and Restated PEFA ("Fourth Amended PEFA")

⁵ *Bonneville Power Admin.*, 123 FERC ¶ 61,264, at P 26 (2008).

that would revise the Third Amended PEFA to include the Common Tariff Language, as well as other modifications to the ColumbiaGrid regional transmission planning process to address the interregional coordination and cost allocation requirements of Order 1000. Bonneville is including a copy of the proposed Fourth Amended PEFA with this filing for information purposes. Because the dockets related to the Third Amended PEFA remain pending, it is uncertain at this time whether some of the PEFA parties will agree to sign the Fourth Amended PEFA.⁶ Consequently, if the Commission approves this Petition without changes, or subject to further changes, to Bonneville's Attachment K as proposed in this Petition before the Fourth Amended PEFA has been signed, Bonneville will not implement the Attachment K revisions proposed in this filing unless and until Bonneville signs the Fourth Amended PEFA.

IV. DEVELOPMENT PROCESS OVERVIEW

The Coordinated Filing Letter describes the development process, including stakeholder participation, in developing the Common Tariff Language.⁷ In addition to participating in the activities described on pages 6 through 14 of the Coordinated Filing Letter, Bonneville held stakeholder meetings to inform stakeholders about development of the Common Tariff Language.⁸ Bonneville also posted its proposed OATT Attachment K revisions, held a stakeholder meeting to review them, and invited submission of written comments.⁹

⁶ Several non-jurisdictional entities that executed the Third Amended PEFA have indicated reluctance to enter into further amendments to the PEFA prior to further action by the Commission on Avista's, PSE's, and Bonneville's regional Order 1000 compliance filings and an opportunity to analyze the effects of any such further action.

⁷ Appendix A, Coordinated Filing Letter at 6–18.

⁸ At an October 25, 2012, Customer Forum meeting, Bonneville briefed stakeholders about the process being held by the Western Interconnection planning regions for development of the Common Tariff Language. At a March 22, 2013, noticed stakeholder conference call, Bonneville discussed the previously-posted final approval draft of the Common Tariff Language, and invited submission of written comments.

⁹ Bonneville notified stakeholders on June 7, 2013, that it had posted draft OATT Attachment K revisions, held a conference call on June 10, and invited submission of written comments.

V. TARIFF CHANGES NECESSARY TO INCORPORATE THE INTERREGIONAL PROVISIONS

A. Changes to Local Planning Process

Attachment K, Part III, section 8.1¹⁰ commits Bonneville to consider ColumbiaGrid cost allocations. Rev. Att. K, Part IV, section 8.1, expands that commitment to include ColumbiaGrid Order 1000 interregional cost allocations.

B. Changes to ColumbiaGrid Planning Process

1. Common Tariff Language

Rev. Att. K, Part IV, section 13 incorporates the Common Tariff Language, except for the definitions in the Common Tariff Language. The definitions are in Rev. Att. K, Appendix A, sections A.2, A.3, A.23, A.24, A.52, and A.64.

2. Implementation of the Common Tariff Language Joint Evaluation and Interregional Cost Allocation Provisions¹¹

a. ITP Agreement – An Interregional Transmission Project (“ITP”)¹² sponsor may be either a PEFA Transmission Owner or Operator Planning Party (“TOPP”) or a non-PEFA party ITP Proponent.¹³ An ITP Proponent is a non-incumbent utility transmission developer¹⁴ that is not a signatory to the PEFA and that seeks to have an interregional project evaluated in ColumbiaGrid and one or more other regions. An ITP Proponent must sign an ITP Agreement with ColumbiaGrid to have its ITP jointly evaluated by ColumbiaGrid and

¹⁰ References to language in OATT Attachment K that is proposed to be revised in this Petition will be written as “Rev. Att. K, Part __, section __.”

¹¹ The Common Tariff Language Joint Evaluation and Interregional Cost Allocation Provisions are in Rev. Att. K, Part IV, sections 13.4, 13.5, and 13.6. The annual information exchange and interregional coordination meeting provisions of the Common Tariff Language (Rev. Att. K, Part IV, sections 13.2 and 13.3) are sufficient without additional changes to Attachment K, except for adding language to the definition of “Interested Person,” Rev. Att. K, App. A, section A.22.

¹² An ITP is defined in the Common Tariff Language, Rev. Att. K, App. A, section A.24.

¹³ Rev. Att. K, Part IV, section 14.1 and App. A, sections A.25 and A.47.

¹⁴ See Rev. Att. K, App. A, section A.33.

considered for Order 1000 interregional cost allocation.¹⁵ The *pro forma* ITP Agreement is attached to the Fourth Amended PEFA as Appendix C. The ITP Agreement establishes a \$50,000 payment obligation for the ITP Proponent, which is equivalent to the minimum payment required of a PEFA Planning Party over a two-year planning cycle.¹⁶ The ITP Agreement also includes certain performance obligations of the ITP Proponent and ColumbiaGrid that are equivalent to PEFA provisions applicable to a PEFA party that proposes a project in the ColumbiaGrid planning process, but without making the ITP Proponent's system part of ColumbiaGrid.

b. Joint Evaluation – Rev. Att. K, Part IV, section 14.2, requires the ITP sponsor to request joint evaluation of the ITP from ColumbiaGrid and the other planning regions where the ITP is located and to submit certain project information. Rev. Att. K, Part IV, section 14.3 provides that ColumbiaGrid's part of the joint evaluation will be done in accordance with the ColumbiaGrid regional planning process, including through participation in a Study Team.¹⁷ The ITP Proponent or TOPP requesting the evaluation is to assume primary responsibility for leading and performing the analytical work of the Study Team for the ITP,¹⁸ which is the same obligation that incumbent project sponsors have in the ColumbiaGrid planning process.¹⁹

c. Interregional Cost Allocation – An ITP sponsor that has requested joint evaluation may also request interregional cost allocation.²⁰ Revised Att. K, Part IV, section 14.4 lists the steps the sponsor and ColumbiaGrid must complete to obtain an

¹⁵ Rev. Att. K, Part IV, section 14.1. Rev. Att. K, App. A, sections A.26 and A.47 define "ITP Agreement."

¹⁶ See Appendix B, PEFA, section 8.4.

¹⁷ Rev. Att. K, Part IV, section 14.3.; Rev. Att. K, App. A, section A.71 adds ITP Proponents as Study Team participants.

¹⁸ Rev. Att. K, Part IV, sections 5.4 and 14.3.

¹⁹ *Id.*, section 5.4,

²⁰ Rev. Att. K, Part IV, section 13.5.1.

interregional cost allocation from ColumbiaGrid. The sponsor must have properly requested interregional cost allocation, after which ColumbiaGrid will estimate regional benefits and notify the other Relevant Planning Regions²¹ of ColumbiaGrid’s estimated regional benefits. To determine ColumbiaGrid’s assigned *pro rata* share of the projected costs (“Assigned Regional Costs from Interregional Cost Allocation”²²), ColumbiaGrid then calculates its proportion of the costs by dividing its own estimated regional benefits by the sum of (i) those estimated regional benefits plus (ii) the estimated regional benefits from the other Relevant Planning Regions and multiplying that ratio times the total projected project costs²³ to determine ColumbiaGrid’s assigned share of the projected costs. ColumbiaGrid then performs a preliminary regional cost allocation by determining the cost allocation for ColumbiaGrid beneficiaries and shares that information with the other Relevant Planning Regions.²⁴ ColumbiaGrid will use that preliminary cost allocation along with any preliminary cost allocation to ColumbiaGrid participants from other Relevant Planning Regions in determining whether to select the ITP for purposes of Order No. 1000 regional cost allocation in accordance with Fourth Amended PEFA section 10.1.²⁵ If the ITP is selected for regional cost allocation by at least one other Relevant Planning Region and ColumbiaGrid, ColumbiaGrid will allocate costs to individual ColumbiaGrid beneficiaries by applying its Order 1000 Cost Allocation Methodology to ColumbiaGrid’s Assigned Regional Costs from Interregional Cost Allocation.²⁶

d. Other Changes in Definitions – There are several added or changed definitions in Rev. Att. K, App. A that relate to Order 1000 interregional coordination

²¹ “Relevant Planning Regions” is defined in the Common Tariff Language, Rev. Att. K, App. A, section A.64.

²² Rev. Att. K, App. A, section A.40.

²³ ColumbiaGrid will have conferred with the other Relevant Planning Regions to resolve any differences regarding project costs. Rev. Att. K, Part IV, section 13.4.2(i) and (a).

²⁴ Rev. Att. K, Part IV, sections 13.5.2(d) and (e) and 14.4(iv).

²⁵ Rev. Att. K, Part IV, sections 14.4(v) and 14.5.

²⁶ Rev. Att. K, Part IV, section 14.6.

and cost allocation. App. A sections A.4, A.40, A.42, A.46, A.62, A.69, and A.75 add or modify definitions to overlay interregional cost allocation onto the ColumbiaGrid Order 1000 regional cost allocation process. Sections A.30 and A.51 apply certain existing definitions to the joint evaluation and cost allocation processes in the Common Tariff Language. Changes in sections A.18, A.19, A.60, and A.68 clarify distinctions between ITPs and other types of projects in the ColumbiaGrid planning process because of the unique procedural requirements for ITPs, which involve multiple planning regions.

C. The Changes to Bonneville’s Attachment K Satisfy the Commission’s Reciprocity Standard

The changes to Bonneville’s Attachment K to implement the Order 1000 interregional coordination and cost allocation provisions substantially conform with, or are superior to, Order 1000 and therefore satisfy the Commission’s reciprocity standard. The changes adopt the Common Tariff Language of all the planning regions in the Western Interconnection. The Coordinated Filing Letter explains how the Common Tariff Language complies with Order 1000.

The Common Tariff Language fits well with the ColumbiaGrid regional planning process. The swimlane diagram attached to the Coordinated Filing Letter shows that ColumbiaGrid will share its draft study plan information with other planning regions and may consider similar information from the other regions in analyzing regional needs and solutions for the system assessment. A developer of an ITP may participate in the annual interregional meeting, provide input into ColumbiaGrid’s Needs analysis, advocate for a Potential Need,²⁷ and propose its solution to the Potential Need as part of the ColumbiaGrid system assessment process.²⁸

²⁷ Rev. Att. K, Part IV, section 4.1.1(ii)a.2. “Potential Need” is defined in Rev. Att. K, App. A, section A.30.

²⁸ Rev. Att. K, Part IV, section 4.1.6 (“ColumbiaGrid . . . is to (i) consider Proposed Projects. . .”).

If the developer of an ITP has requested joint evaluation of its ITP, the ITP will be assigned to a ColumbiaGrid study team²⁹ unless ColumbiaGrid determines that the ITP would not meet a Need.³⁰ If the ITP would meet a Need, it will be evaluated by the study team as a proposed solution for the Need.³¹

If the ITP sponsor has requested interregional cost allocation, ColumbiaGrid will participate in an interregional cost allocation evaluation,³² and, using the Total Regional Costs from Interregional Cost Allocation,³³ the study team will apply the process and criteria in PEFA section 10.1 in determining whether to select the ITP as an Order 1000 Project.³⁴ If the Project is selected, ColumbiaGrid will apply its Order 1000 cost allocation methodology in Fourth Amended PEFA, App. A, section 10.3.3 to allocate ColumbiaGrid's cost share to the ColumbiaGrid beneficiaries.³⁵

Thus, the ColumbiaGrid planning process and the revisions to Bonneville's Attachment K fully implement the Common Tariff Language and substantially conform with, or are superior to, the interregional coordination and cost allocation reforms of Order 1000.

VI. CONCLUSION

Bonneville respectfully requests that the Commission approve this Petition with a determination that the proposed changes to Attachment K to Bonneville's OATT are consistent with the Order Nos. 1000, 1000-A, and 1000-B and are substantially conforming or superior to the interregional reforms of the *pro forma* tariff, and that the Commission waive the filing fee.

²⁹ Rev. Att. K, Part IV, section 14.3.

³⁰ Rev. Att. K, Part IV, section 13.4.2(c).

³¹ Rev. Att. K, Part IV, section 5.1.

³² Rev. Att. K, Part IV, section 13.5.2.

³³ Total Regional Costs from Interregional Cost Allocation is defined in Rev. Att. K, App. A, sections A.40 and A.75.

³⁴ Rev. Att. K, Part IV, section 14.5.

³⁵ Rev. Att. K, Part IV, section 14.6.

DATED June 19, 2013.

Respectfully submitted,

/s/ Charles H. Combs

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APPENDIX A

COORDINATED FILING LETTER



May 10, 2013

VIA ELECTRONIC FILING

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RE: Western Interconnection - Order No. 1000 Interregional Compliance Filings

California Independent System Operator Corporation
Docket No. ER13-_____

Northern Tier Transmission Group

Deseret Generation & Transmission Co-operative, Inc.
Docket No. ER13-_____

Idaho Power Company
Docket No. ER13-_____

NorthWestern Corporation
Docket No. ER13-_____

PacifiCorp
Docket No. ER13-_____

Portland General Electric Company
Docket No. ER13-_____

WestConnect

Arizona Public Service Company
Docket No. ER13-_____

Black Hills Power, Inc.
Docket No. ER13-_____

Black Hills Colorado Electric Utility Company, LP
Docket No. ER13-_____

Cheyenne Light, Fuel & Power Company
Docket No. ER13-_____

El Paso Electric Company
Docket No. ER13-_____

NV Energy
Docket No. ER13-_____

Public Service Company of Colorado
Docket No. ER13-_____

Public Service Company of New Mexico
Docket No. ER13-_____

Tucson Electric Power Company
Docket No. ER13-_____

UNS Electric, Inc.
Docket No. ER13-_____

Dear Secretary Bose:

Pursuant to Order No. 1000 of the Federal Energy Regulatory Commission (the “Commission”),¹ 18 C.F.R. § 35.28(c) (2012), and the Commission’s February 26, 2013 Notice Granting an Extension of Time to Submit Interregional Compliance Filings,² the California Independent System Operator Corporation (“CAISO”); Deseret Generation & Transmission Cooperative, Inc., Idaho Power Company, NorthWestern Corporation, PacifiCorp, and Portland General Electric Company (collectively, the “**Northern Tier Transmission Group Applicants**”); and Arizona Public Service Company, Black Hills Power, Inc., Black Hills Colorado Electric Utility Company, LP, Cheyenne Light, Fuel & Power Company, El Paso Electric Company, NV Energy, Public Service Company of Colorado, Public Service Company of New Mexico, Tucson Electric Power Company, and UNS Electric, Inc. (collectively, the “**WestConnect Applicants**”) (individually, an “**Applicant**” or, collectively, the “**Applicants**”), hereby submit their Order No. 1000 interregional compliance filings in the above-captioned proceedings.³

As discussed in greater detail herein, after a comprehensive collaborative process, the Applicants and ColumbiaGrid, encompassing the four transmission planning regions in the United States portion of the Western Interconnection (the “**Planning Regions**”),⁴ developed

¹ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 (2012), *order on reh’g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

² *Notice Granting an Extension of Time to Submit Interregional Compliance Filings*, Docket No. RM10-23-000 (Feb. 26, 2013).

³ The WestConnect Applicants note that on March 22, 2013, the Commission issued an Order on Compliance filings, 142 FERC ¶ 61,206 (the “Compliance Order”) directing the WestConnect Applicants to make further modifications to their open access transmission tariffs to address the Commission’s direction in Order No. 1000 with respect to regional transmission planning and cost allocation, as set forth in the Compliance Order. The WestConnect Applicants note that on April 22, 2013, the WestConnect Applicants filed requests for clarification or in the alternative rehearing of the Commission’s Compliance Order. Accordingly, the WestConnect Applicants note that the instant filing addresses only those requirements of Order No. 1000 that relate to the interregional transmission planning and cost allocation process and not the items raised in the Commission’s Compliance Order. The WestConnect Applicants will make the necessary filings with the Commission to address its Compliance Order, or any subsequent order as necessary, through a separate filing.

⁴ Avista Corporation (“Avista”), Puget Sound Energy, Inc. (“Puget”), and Bonneville Power Administration (“Bonneville”) are members of the ColumbiaGrid transmission planning region. Bonneville (unless it decides to

common tariff language addressing the interregional transmission coordination and cost allocation planning requirements of Order No. 1000 (“**Common Language**”).⁵ The Applicants’ proposed interregional transmission coordination and cost allocation planning process is intertwined with the modifications to the Applicants’ regional and, to some extent, local, transmission planning processes currently pending before the Commission.⁶ Based upon this integrated solution, submitted through this common filing letter, the Applicants are requesting an effective date of October 1, 2013 or alternatively, October 1, 2015, as further discussed in Section VII below.

While the Applicants are submitting a common filing letter, each Applicant is individually submitting the revised provisions to its respective tariff, through eTariff, to comply with the Commission’s filing requirements. The Applicants submit, and request that the Commission find, that these tariff revisions comply with the interregional requirements of Order No. 1000.

In support of this compliance filing, the Applicants state the following:

I. STRUCTURE OF TRANSMITTAL LETTER

In this single compliance filing, the Applicants include *all* matters relating to each of their revised tariff provisions necessary to address Order No. 1000’s interregional requirements.⁷ It is important to the Applicants that the interregional provisions of their tariffs be consistent with one another, and be approved contemporaneously (or within a reasonable window) to allow the coordinated interregional effort to be conducted in the most efficient manner. To accomplish this goal, this transmittal letter is structured as follows:

Section II describes the Common Language provisions;

Section III describes the process employed by the Applicants to develop the common interregional provisions of their tariffs in compliance with the requirements of Order No. 1000;⁸

delay its filing due to a supervening Commission order), Avista and Puget will submit their filings in response to the interregional requirements of Order No. 1000 under separate transmittal letter or letters. They have authorized the Applicants to represent in this letter that they participated in the development of, and will incorporate in their filings, the Common Language, barring a supervening Commission order determined to be inconsistent with such incorporation.

⁵ Order No. 1000 at PP 346 & 475.

⁶ *Deseret Generation & Transmission Co-operative, Inc.*, Docket No. ER13-65-000 (filed Oct. 10, 2012); *Idaho Power Co.*, Docket No. ER13-106-000 (filed Oct. 11, 2012); *NorthWestern Corp.*, Docket No. ER13-67-000 (filed Oct. 10, 2012); *PacifiCorp*, Docket No. ER13-64-000 (filed Oct. 10, 2012); *Portland Gen. Elec. Co.*, Docket No. ER13-68-000 (Oct. 10, 2012); *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,057 (2013); *Pub. Serv. Co. of Colorado, et al.*, 142 FERC ¶ 61,206 (2013).

⁷ Information about each Applicant, and its respective transmission planning region, can be found in each Applicant’s filing submitted in response to the regional requirements of Order No. 1000. That information is incorporated herein by reference.

⁸ Order No. 1000 at P 607.

Section IV explains how the Applicants' interregional provisions satisfy the interregional transmission coordination requirements set forth in Order No. 1000;

Section V explains how the Applicants' interregional provisions satisfy the six interregional cost allocation principles set forth in Order No. 1000;

Section VI contains a discussion of the modifications to each Applicant's tariff necessary to incorporate the interregional provisions, including any necessary modifications to the local and regional transmission planning provisions of its tariff;

Section VII specifies and explains the requested effective date for the modifications to each Applicant's tariff;⁹

Section VIII provides a list of the attachments to the filing;

Section IX identifies the representatives of each Applicant to whom any communications should be directed; and

Section X contains the conclusion.

II. SUMMARY OF INTERREGIONAL PROVISIONS AND PROCESS DIAGRAM

Through a collaborative interregional process, the Applicants developed the Common Language that each Applicant has incorporated into its respective tariff as described herein. For reference purposes only, the Applicants are providing this Common Language as **Attachment 1**.

For illustrative purposes, the Applicants prepared a flow diagram ("**Flow Diagram**"), included as **Attachment 2**, that provides a high level and general illustration of the interregional coordination and cost allocation processes described in the Common Language. The Flow Diagram is provided for illustrative purposes only and is not intended to modify the Common Language or any of the Applicant's tariff provisions. The Flow Diagram presents each Planning Region and stakeholders as separate, horizontal paths, or so-called "swim lanes." The arrows represent the flow of information to and from each Planning Region and stakeholders. Additional interregional coordination and collaboration between Planning Regions are reflected by the oblong bubbles, titled "Interregional Data Sharing." The bottom swim lane, titled "Tariff Section," provides the corresponding general time bands and Common Language section for the process milestones depicted in the regional and stakeholder swim lanes.

In addition, to provide more information about the cost allocation process and for illustrative purposes only, the Applicants have included a hypothetical example demonstrating the application of their interregional cost allocation process as **Attachment 3**.

⁹ *Id.* P 162.

A. Year 1 of the Flow Diagram

The interregional coordination process begins with each Planning Region making available its Annual Interregional Information, which may include (i) the current planning cycle study plan, or underlying information that would typically be included in a study plan, (ii) initial study reports (or system assessments) from the current or previous planning cycle; and (iii) the regional transmission plan from the previous planning cycle. These data may be used to select appropriate power flow cases and develop study assumptions and methodologies to be used during each Planning Region's current planning cycle. Each Planning Region makes this Annual Interregional Information available to the other Planning Regions as described in Section 2 of the Common Language and depicted in the Flow Diagram by the "Interregional Data Sharing" bubbles.

Pursuant to the Common Language, each Planning Region is to participate in an Annual Interregional Coordination Meeting, which is open to stakeholders.¹⁰ In both years of the planning cycle, prior to the Annual Interregional Coordination Meeting, each Planning Region is to make available its Annual Interregional Information by posting such information on its website, as described in Section 3 of the Common Language and depicted in the Flow Diagram by the arrows from each region to the "Annual Interregional Coordination Meeting" box. At the first-year Annual Interregional Coordination Meeting, the Planning Regions and stakeholders are to have the opportunity to identify conceptual interregional solutions that may meet regional transmission needs more efficiently or cost effectively.

Following the first-year Annual Interregional Coordination Meeting, each Relevant Planning Region, with regard to an Interregional Transmission Project ("ITP") that has been properly submitted (as described in Section 4.1 of the Common Language),¹¹ is to participate in the joint evaluation of such Interregional Transmission Projects as described in Section 4.2 of the Common Language and depicted in the Flow Diagram by the "Regional Needs Analysis" box. Each Relevant Planning Region is to confer with each other Relevant Planning Region on project data and cost and study assumptions and methodologies, as illustrated by the "Interregional Data Sharing" bubbles in the Flow Diagram. Following this analysis the CAISO publishes a final transmission plan, ColumbiaGrid publishes a system assessment report and updates the prior cycle transmission plan and Northern Tier Transmission Group generates a draft transmission plan. Within WestConnect, the first year of the regional transmission planning cycle is focused on the task of identifying regional needs, and development of a regional transmission plan occurs in the second year.

When there has been a request for an Interregional Cost Allocation that is properly submitted (as described in Section 5.1 of the Common Language), the CAISO and Northern Tier Transmission Group Applicants and ColumbiaGrid produce an initial determination of ITP

¹⁰ Common Language at § 3.

¹¹ An "Interregional Transmission Project" means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Tariff Section 4.1. Common Language at § 1.

benefits.¹² Each Relevant Planning Region is to share its determination of regional ITP benefits with the other Relevant Planning Regions to provide an ITP cost assignment among the Relevant Planning Regions, as depicted in the Flow Diagram and described in Section 5.2 of the Common Language. The Relevant Planning Regions may share these plans and benefit determinations with stakeholders as depicted in the Flow Diagram by the arrows to the Year 2 link symbol (see Section 5.2(b) of the Common Language).

B. Year 2 of the Flow Diagram

At the beginning of the second year, the Planning Regions are again to participate in an Annual Interregional Coordination Meeting. During this meeting, the Planning Regions are to have an opportunity to discuss the status of the ITP evaluations, including regional ITP benefits and regional cost assignment, with stakeholders.

Following the second-year Annual Interregional Coordination Meeting, each Planning Region is expected to incorporate information from other Planning Regions and stakeholders into its study plan, if applicable, and proceed to complete its transmission plan analysis and initial regional cost allocation. As described in Section 5.2 of the Common Language, each Relevant Planning Region is to determine if a properly-submitted ITP is a more cost effective or efficient solution to a transmission need in its region. To do so, each Relevant Planning Region is to use what its regional cost allocation would be, based on its *pro rata* share of projected ITP costs, in determining whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation. If all the Relevant Planning Regions have selected an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, then such Relevant Planning Regions will each finalize their cost allocation and transmission plans, as depicted in the Flow Diagram at the end of each Relevant Planning Region's swim lane (see Section 6.1 of the Common Language).

However, if not all Relevant Planning Regions select the ITP in their regional transmission plans for purposes of Interregional Cost Allocation, but at least two Relevant Planning Regions have so selected the ITP, the Relevant Planning Regions that have selected the ITP in their regional transmission plans for purposes of Interregional Cost Allocation are to continue the analysis according to Common Language Section 6.2, with the planning cycle continuing beyond the second year as depicted in the Flow Diagram at the end of the "Tariff Section" swim lane.

III. DEVELOPMENT PROCESS OVERVIEW

A. Description of the Applicants' Interregional Transmission Coordination and Cost Allocation Development Process

In Order No. 1000, the Commission directed public utility transmission providers to document, in their compliance filings, the steps taken to reach consensus on a cost allocation

¹² The WestConnect Applicants are reviewing needs through the WECC Transmission Expansion Planning Policy Committee process in year one. The initial determination of benefits occurs in year two, quarter one.

methodology, or set of applicable methodologies.¹³ The Commission encouraged groups of public utility transmission providers who have reached consensus, like the Applicants, to make coordinated filings containing their views of the process by which consensus was reached.¹⁴

As discussed below, the Applicants conducted an extensive collaboration, which included stakeholder meetings and input,¹⁵ to develop the data exchange, interregional coordination, joint evaluation and interregional cost allocation processes embodied in the Common Language set forth in Attachment 1. On August 31, 2012, representatives from each Planning Region met informally to begin the interregional collaboration process by establishing an Interregional Coordination Team (“ICT”) that would develop the necessary proposals to comply with Order No. 1000’s interregional requirements. Among other things, the Planning Region representatives decided that ColumbiaGrid would create a page on its website and post interregional coordination materials.¹⁶ The other Planning Regions provided links on their websites to that location.¹⁷

Subsequently, the ICT members organized an initial meeting held on October 1, 2012, at the CAISO offices in Folsom, California. The objectives of this meeting were to formally establish the ICT and its two workgroups (described below); develop a mission statement, principles and a framework for the final product; discuss fully public “big tent” interregional stakeholder meetings; and establish a milestone schedule to meet the Commission’s initial April 11, 2013 compliance filing deadline (see **Table 1** below). ICT membership included representatives from each Planning Region, and included jurisdictional and non-jurisdictional public utility transmission providers, state agencies and municipalities, independent transmission providers and public interest groups.¹⁸ Two workgroups – made up of subsets of these representatives – were established to develop, respectively, interregional coordination and cost allocation proposals that would be presented to the ICT and, ultimately, the larger interregional stakeholder group.

A key function of both workgroups was to identify the Order No. 1000 interregional transmission coordination and cost allocation requirements and to ensure that proposals developed by each group complied with those requirements. Both groups worked from the fundamental requirements, established at the first ICT meeting, that the Common Language must build upon and integrate with each Planning Region’s regional processes to ensure (i) apples-to-apples comparisons of ITPs to regional projects, and (ii) that ITPs are evaluated on the same

¹³ Order No. 1000 at P 607.

¹⁴ *Id.*

¹⁵ *Id.* PP 465-66.

¹⁶ <http://www.columbiagrid.org/O1000Inter-overview.cfm>.

¹⁷ CAISO: <http://www.caiso.com/informed/Pages/StakeholderProcesses/Default.aspx>; Northern Tier Transmission Group: http://nttg.biz/site/index.php?option=com_content&task=view&id=173&Itemid=1; WestConnect: http://westconnect.com/planning_order_1000_interregional_coord_process.php.

¹⁸ The ICT participants represented a broad spectrum of membership groups from each region, depending on the unique structure of the Planning Region. The “big tent” stakeholder meetings not only included the members of each Planning Region, but were open to the public, all stakeholders, and interested parties.

schedule as regional projects. These requirements ensure that neither ITPs nor regional projects are unintentionally favored during the development of each Planning Region’s regional transmission plan.

Table 1 – Interregional Milestones and Date Completed

Date	Milestone
October	Formation of ICT <ul style="list-style-type: none"> • Development of mission statement and principles • Creation of planning and cost allocation workgroups • Document planning and cost allocation requirements of Order No. 1000 • Development of ideas/options for meeting requirements
Nov. 7	ICT public stakeholder meeting #1 <ul style="list-style-type: none"> • Present initial ideas/options/approaches to stakeholders
Nov. 16	ICT public stakeholder call <ul style="list-style-type: none"> • Follow-up to Nov 7 stakeholder meeting
Nov. 21	Written stakeholder comments due (comments template provided)
Late Nov. / Early Dec.	ICT develops combined proposal that addresses both transmission planning and cost allocation requirements <ul style="list-style-type: none"> • To the extent consensus is not reached on preferred approach, then options would be presented that appear most attractive and feasible • May contain unresolved design elements
Dec. 19	ICT public stakeholder meeting #2 <ul style="list-style-type: none"> • Present combined proposal to stakeholders (document posted in advance)
Jan. 7	Written stakeholder comments due
Early Jan.	ICT determines whether a single proposal for all four Planning Regions is achievable or whether a more disaggregated approach with different proposals for each pair of Planning Regions will be needed
Jan. 30	ICT public stakeholder meeting #3 <ul style="list-style-type: none"> • Present resulting approach(es)/proposal(s) to stakeholders (documents posted in advance)
Feb. 6	Written stakeholder comments due
Feb.-Apr.	Tariff language developed based on resulting approach/proposal <ul style="list-style-type: none"> • Includes opportunity for stakeholder input through each Planning Region

Date	Milestone
Mar. 11 ¹⁹	ICT public stakeholder meeting #4 <ul style="list-style-type: none"><li data-bbox="418 342 1386 411">• Present common tariff language intended to be adopted by transmission providers in each Planning Region (document posted on March 4, 2013)
Apr. 8	Common tariff language finalized by all four Planning Regions

In accordance with the Table 1 schedule, the ICT held the first public interregional stakeholder meeting in Seattle, Washington on November 7, 2012, to inform stakeholders about the progress the ICT and its workgroups had accomplished, as well as to provide stakeholders an opportunity to provide input on this work and suggestions on matters related to the ICT's effort. At this meeting, a representative from each Planning Region provided information about the regional compliance filings submitted to the Commission for approval on October 11, 2012. The planning coordination workgroup members reported that their efforts were focused on three topics: (1) definition of an "interregional project"; (2) stakeholder participation in the process; and (3) the framework for evaluating interregional projects. The cost allocation workgroup presented three draft proposals for assessing project benefits and allocating costs to the regions based on those benefits. Following the workgroup presentations, the ICT provided stakeholders with information about the interregional process milestones and meeting dates and invited stakeholders to submit comments on the information presented.

On November 16, 2012, the ICT held a web conference call to seek stakeholder input on the November 7th stakeholder meeting topics and share additional options that had been developed on how to define an interregional project and allocate costs. Following the stakeholder session, the ICT held a meeting to review input received from the stakeholders and prepare an action plan, based upon the input received, for developing the requisite interregional provisions. On November 21, 2012, individual stakeholders or groups of stakeholders provided comments to the ICT.²⁰

Consistent with the milestone schedule, and with the benefit of stakeholder input received on November 21, 2012, the ICT and its two workgroups continued to work together throughout November and early December to prepare for a second public stakeholder meeting. At a December 4-5, 2012 meeting in Salt Lake City, Utah, the ICT reviewed and considered stakeholder comments, evaluated a draft proposal from the planning coordination workgroup covering data exchange and project assessment procedures, and developed the topics to be presented to stakeholders at the December 19, 2012 public meeting in Las Vegas, Nevada.

¹⁹ While not originally scheduled, the ICT members held the additional meeting to ensure the interregional collaboration process provided for robust and inclusive stakeholder involvement.

²⁰ See ColumbiaGrid website: <http://www.columbiagrid.org/O1000Inter-documents.cfm>. This link provides the various presentation materials and submitted stakeholder comments related to the preparation of the Applicants' Common Language.

At the December 19, 2012 meeting, ICT members presented an overview and summary of stakeholder comments and resulting modifications of the proposals, review of coordination principles and Order No. 1000 requirements, and proposals from the planning and cost allocation workgroups. The planning coordination workgroup proposals included a description of the data to be exchanged between the regions and a draft process timeline for data submission and project study. The cost allocation workgroup proposal described the benefits assessment and cost allocation process that had been developed. Stakeholders were encouraged to submit comments and were provided information about upcoming ICT meetings and the final stakeholder meeting on January 30, 2013.

Following the December 19, 2012 stakeholder meeting, and with the benefit of written stakeholder comments received on January 7, 2013, the ICT and workgroups continued working to develop interregional proposals for an ICT meeting in Portland, Oregon on January 16-17, 2013. On January 16, 2013, team members, including representatives of the Applicants who would work on the common tariff language, finalized the proposals for planning coordination and cost allocation that would be presented to stakeholders at the final public stakeholder meeting scheduled for January 30, 2013. The ICT formed a drafting team that would develop the common tariff language to be filed by the Applicants.

Prior to the January 30, 2013 public stakeholder meeting in Folsom, California, the ICT posted the draft “FERC Order No. 1000 Compliance Proposed Interregional Coordination Approach” (the “final proposal”). At the January 30, 2013 meeting, the ICT presented the final proposal, sought comments, and advised parties that the work of the group would shift to the tariff drafting team, with ongoing guidance from the ICT.

Applicants’ tariff drafting representatives met in Portland, Oregon on February 4-5, 2013 to develop tariff language that would be presented for final revisions and consensus approval by the Applicants’ representatives at a joint meeting with the ICT in Salt Lake City, Utah on February 13-14, 2013. Following Applicant approval, on March 4, 2013, the ICT posted the Common Language on the ColumbiaGrid website. On March 11, 2013, the ICT held a public stakeholder conference call, and stakeholders were given an opportunity to ask questions and provide comments on the proposed tariff language.

As noted earlier, the Applicants structured the process and timeline for developing the final proposal to meet the Commission’s initial April 11, 2013 compliance date. While the Commission extended the compliance date, given the robust and inclusive scope of the interregional stakeholder process to date, the Applicants concluded that additional input from stakeholders was unnecessary.

B. Stakeholder Comment Synopsis

In developing and refining the final proposal, the ICT provided stakeholders with eight separate opportunities to provide comment on the draft and final proposals, including five stakeholder meetings and three windows for submitting written comments.

In general, stakeholders raised questions and concerns about specific elements of the proposal as it evolved, and the ICT carefully considered these comments and assessed whether they were consistent with the Order No. 1000 requirements. The ICT discussed stakeholder comments and resulting modifications to the proposal at the next public meeting, rather than providing written responses to comments.

The following is a short summary of some of the major issues raised in stakeholder comments, and a description of how the Planning Regions responded to each of these issues.

1. *Need for Transparent Coordination Process and Alignment of Regional Planning Processes*

In the first two rounds of stakeholder comments, stakeholders emphasized that interregional collaboration needed to be well defined and provide for robust stakeholder participation. Stakeholders also suggested methods by which interregional project proponents could submit projects into each regional process and the evaluation criteria by which regions could assess sponsor qualifications. Another stakeholder suggested that Planning Regions should collaborate to determine whether an interregional solution would be more efficient and cost effective than regional solutions in their regional plans. A stakeholder suggested that the process include an opportunity for projects to be submitted directly for evaluation into the interregional process. One stakeholder, whose representative participated on the ICT, also advocated that evaluation of interregional projects should include projects not seeking interregional cost allocation. Several stakeholders, particularly independent transmission developers, requested more clarity about the coordination process and more certainty about the time that it would take for interregional project assessment and to reach the ultimate approval decision.

The Planning Regions considered these comments and incorporated many of the suggestions into the final proposal and Common Language. The ICT developed a process framework that provides for an annual exchange of planning data followed by an annual coordination meeting at which Planning Regions and their stakeholders may consider potential interregional solutions that might meet regional needs.²¹ The annual coordination meeting is to be held during the first quarter of the year, preferably in February but no later than March 31. This schedule was specifically established in response to stakeholder comments and provides interested parties with the opportunity to attend the annual coordination meeting and still have time to submit an interregional project into the regional planning processes by the March 31 deadline (in even-numbered years).

Although some stakeholders requested that the Planning Regions establish a completely separate interregional process, the ICT concluded that adopting this proposal would go well

²¹ Any interregional conceptual solutions that are identified at this meeting will be subject to consideration in the regional transmission planning processes of the Relevant Planning Regions if a proponent or sponsor submits the conceptual solution into the regional planning processes of all Relevant Planning Regions.

beyond the requirements of Order No. 1000.²² Nonetheless, the ICT considered the planning cycles of all four Planning Regions to provide a common interregional project submission period and two-year evaluation timeframe. The process contemplates that project sponsors may seek joint evaluation regardless of whether interregional cost allocation is requested. The Applicants believe that this framework, including an annual coordination meeting and a joint evaluation process layered on top of the regional processes and regional stakeholder activities, addresses stakeholder concerns about transparency and certainty.

2. Coordination with Western Electricity Coordinating Council (“WECC”)

Several stakeholders encouraged the Planning Regions to explicitly incorporate WECC’s Transmission Expansion Planning Policy Committee (“TEPPC”) planning process, transmission plans and solutions as part of the interregional evaluation process. The Applicants declined to incorporate the TEPPC process based on concerns that the data, criteria, and methods used in evaluating regional (and local) transmission projects would differ from those used in a Planning Region, preventing the evaluation of projects within that Planning Region on a comparable basis.²³ In addition, as explained to stakeholders at the December 19, 2012 meeting, Order No. 1000 does not require interconnection-wide planning.²⁴

Nonetheless, all Planning Regions benefit from their participation in WECC activities, and WECC data are collected from its members and, in turn, are used by each Planning Region in its planning activities. In addition, some Planning Regions use the WECC study process to meet certain Order No. 890 compliance obligations. Certain of the Applicants’ Attachment Ks provide for interconnection-wide planning through TEPPC. Based on current practices, the Planning Regions intend to continue utilizing WECC data gathering and study services after Order No. 1000 implementation.

3. Common Cost Allocation Process and a Path Forward for Interregional Transmission Project Development

In several sets of comments, one stakeholder raised two general areas of concern: (1) that Order No. 1000, paragraph 578, requires regions and neighboring regions to have a common methodology for allocating interregional project costs to the beneficiaries in the neighboring regions; and (2) that the proposed interregional process lacks a path forward for interregional projects that are found by the relevant regions to meet regional needs.

The Applicants believe that the proposed cost allocation process for interregional projects is entirely consistent with paragraph 578 and the spirit of Order No. 1000. When an

²² See Order No. 1000 at App. C (“The Transmission Provider, through its regional transmission planning process, must coordinate with the public utility transmission providers in each neighboring transmission planning region within its interconnection to address transmission planning coordination issues related to interregional transmission facilities.”).

²³ See *Pub. Serv. Co. of Colorado, et al.*, 142 FERC ¶ 61,206, at P 319 (2013).

²⁴ *Id.* P 660.

interregional project is properly submitted to the Relevant Planning Regions, the regions are to confer about the inputs and assumptions, including common cost estimates, to be used in each regional process to determine the dollar value of benefits to the region and are to seek to resolve any differences in data or other information.²⁵ Each Planning Region is to then calculate its *pro rata* share of the project costs by multiplying its share of the total benefits identified by all the Planning Regions by the total project costs. This is a consistent and common process by which each Planning Region is to then be able to determine whether the interregional project is a more cost effective or efficient solution to a regional transmission need.

Once two or more Planning Regions have found that the interregional solution provides regional benefits, the *pro rata* share of the costs assigned to the Planning Region is to be allocated to the beneficiaries in accordance with each regional cost allocation methodology, which may vary by Planning Region. This process is clearly contemplated by the language of Order No. 1000 at paragraph 578, which states:

As we discuss further below, the cost allocation method or methods used by the pair of neighboring transmission regions can differ from the cost allocation method or methods used by each region to allocate the cost of a new interregional transmission facility within that region. For example, region A and region B could have a cost allocation method for the allocation of the costs of an interregional transmission facility between regions A and B (the interregional cost allocation method) that could differ from the respective regional cost allocation method that either region A or region B uses to further allocate its share of the costs of an interregional transmission facility.

The Applicants understand and appreciate the concerns expressed by stakeholders about the path forward for interregional projects once approved in regional plans. While implementation details such as ownership, construction, permitting, operational control and other issues are not required elements of the Order No. 1000 transmission coordination and cost allocation directives, where the Relevant Planning Regions find the proposed project to be a more cost effective or efficient solution for a regional need there may exist a strong interest in seeing that the project moves forward on a schedule that meets these needs. Furthermore, the status of previously approved projects will be the topic of discussion and stakeholder input at the annual interregional coordination meeting, and details about project implementation issues can be addressed at that time.²⁶

In summary, the design and development of the interregional transmission coordination and cost allocation process for Order No. 1000 compliance, that began in August 2012 and concluded with Common Language finalized by the Planning Regions in early April 2013, included multiple opportunities for stakeholder comment and input. The ICT took all stakeholder concerns into consideration while undertaking the rather complex task of developing

²⁵ Common Language at § 5.2.

²⁶ *Id.* § 3(iii).

a coordinated interregional approach that meets the interregional requirements of Order No. 1000 and could be supported by Planning Regions with very diverse membership and transmission planning processes. To the extent that stakeholders made suggestions that were beyond the scope of Order No. 1000, the ICT considered such comments but did not include them in the proposals and recommendations unless they were acceptable to all of the Planning Regions. By coming to a consensus on all of the Order No. 1000 interregional requirements, the ICT was able to craft a framework with broad support from all the Planning Regions. The Applicants believe that the common interregional transmission evaluation and cost allocation processes developed through this process is in the best interests of stakeholders and ratepayers, will serve to promote interregional projects, and will encourage participation by independent transmission providers.

C. Description of the Regional Stakeholder Outreach Processes

In addition to the joint interregional collaboration process described above, CAISO and the Northern Tier Transmission Group Applicants conducted additional regional stakeholder outreach processes. The WestConnect Applicants conducted their stakeholder outreach through the interregional process.

1. California Independent System Operator

The CAISO initiated its stakeholder process with the posting of an issue paper²⁷ on September 17, 2012 in which the CAISO identified and described the interregional requirements of Order No. 1000 and proposed a process to develop a compliance proposal. The CAISO held a stakeholder web conference on September 25, 2012 to discuss the issue paper with stakeholders and solicit input. Written stakeholder comments were received on October 2, 2012. In their written comments, stakeholders indicated that the CAISO's description of the interregional requirements of Order No. 1000 was indeed accurate and complete. Stakeholders also commented that in the effort to develop conceptual policies and procedures to address the interregional requirements of Order No. 1000, stakeholder representation should be comparable among the planning regions. After considering this, the CAISO asked its participating transmission owners to participate in the discussions with the other planning regions' representatives.

The CAISO subsequently held a second stakeholder web conference on October 11, 2012 during which the CAISO presented its initial ideas on a possible framework for interregional transmission planning coordination and an approach for developing a framework for interregional cost allocation. The CAISO also briefed stakeholders on the formation of the ICT and discussions with the neighboring planning regions which had commenced by that point in time. Written stakeholder comments were received on October 18, 2012. In their written comments stakeholders acknowledged that this would be a challenging effort requiring extensive coordination among the planning regions in a short period of time. Stakeholders expressed both appreciation and support for the level of stakeholder engagement proposed by the CAISO and the other planning regions. Stakeholders also recommended that the CAISO develop draft

²⁷ See CAISO website: <http://www.caiso.com/Documents/FERCOrder1000ComplianceInterregionalIssuePaper.pdf>

proposals as a basis for further stakeholder discussion. The CAISO subsequently did this as described below.

On November 5, 2012, the CAISO held a third stakeholder web conference during which the CAISO presented two preliminary straw proposals—one on interregional planning coordination and another on interregional cost allocation. These two preliminary straw proposals represented a refinement of the CAISO's initial thinking based both on feedback the CAISO had received from stakeholders following the October 11, 2012 stakeholder meeting and on discussions the CAISO had with the planning regions through the ICT. The CAISO also provided an update during the web conference on ICT activities. Written stakeholder comments were due by November 21, 2012.

Based on stakeholder input and interregional discussions up to that point, the CAISO continued to further refine its ideas on interregional planning coordination and cost allocation and combined them into its straw proposal²⁸ posted on November 21, 2012. The CAISO subsequently held a fourth stakeholder meeting on November 28, 2012 to discuss its proposals in detail with stakeholders. The CAISO received written comments from stakeholders on December 5, 2012. Having an in-depth discussion with stakeholders at that point benefitted the CAISO's participation in ICT discussions and development of the ICT's draft proposal for interregional coordination and cost allocation.²⁹

Throughout January and the first half of February the ICT completed an intensive effort to complete development of a draft proposed approach for interregional coordination and cost allocation. The CAISO utilized this draft approach in developing its draft final proposal³⁰ posted on February 21, 2013. The CAISO subsequently held a fifth stakeholder meeting on February 27, 2013 to discuss the proposal with stakeholders. The CAISO received written comments from stakeholders on March 7, 2013. The CAISO presented the draft final proposal to the CAISO Board of Governors at its March 21-22, 2013 meeting where it was approved.

Throughout March and April the CAISO consulted with stakeholders in the development of draft tariff language. Stakeholders were given an opportunity to comment on two versions of the draft tariff sections that will implement the Common Language and better align the CAISO's regional process with the interregional coordination process. The CAISO's proposed tariff language is described in detail in Section VI.A. below.

The activities discussed above are summarized in **Table 2** below.

²⁸ See CAISO website: <http://www.caiso.com/Documents/StrawProposal-FERCOrder1000ComplianceInterregionalRequirements.pdf>

²⁹ This draft proposal was presented at the ICT's interregional stakeholder meeting on December 19, 2012.

³⁰ See CAISO website: <http://www.caiso.com/Documents/DraftFinalProposal-FERCOrder1000Compliance-InterregionalRequirements.pdf>

Table 2 – CAISO Stakeholder Activity Summary

Date	ISO Stakeholder Process
Sep. 17	CAISO posts issue paper
Sep. 25	CAISO stakeholder web conference
Oct. 2	Stakeholder comments due to CAISO
Oct. 11	CAISO stakeholder web conference
Oct. 18	Stakeholder comments due to CAISO
Nov. 5	CAISO stakeholder web conference
Nov. 21	Stakeholder comments due to CAISO
Nov. 21	CAISO posts straw proposal
Nov. 28	CAISO stakeholder meeting
Dec. 5	Stakeholder comments due to CAISO
Feb. 20	CAISO posts draft final proposal
Feb 27	CAISO stakeholder web conference
Mar. 7	Stakeholder comments due to CAISO
Mar. 13	CAISO posts draft tariff language
Mar. 20	Stakeholder comments due to CAISO
Mar. 21- 22	CAISO presents proposal to CAISO Board of Governors
Mar. 25	CAISO stakeholder web conference
Apr. 8	CAISO posts revised draft tariff language
Apr. 15	Stakeholder comments due to CAISO
Apr. 22	CAISO stakeholder web conference

2. Northern Tier Transmission Group

The Northern Tier Transmission Group (“NTTG”), jointly with ColumbiaGrid, CAISO and WestConnect, shared hosting responsibilities and participated in the interregional Order No. 1000 stakeholder meetings previously described in Section III-A above.

In addition, NTTG reviewed the proposals for interregional Order No. 1000 compliance at the October 2012 through March 2013 Planning and Steering Committee meetings and at the February 2013 NTTG Semi-Annual Stakeholder meeting. These meetings were open public

meetings with additional opportunities for stakeholder comment and input. The dates of these meetings and key discussion topics are described in **Table 3** below.

Table 3 – Northern Tier Interregional Meetings and Key Discussion Topics

Date	Meeting / Key Discussion Topics
Oct. 3	NTTG Planning Committee Meeting <ul style="list-style-type: none"> • Briefing on initial October 1st ICT meeting <ul style="list-style-type: none"> ○ Workgroup structure for coordinated interregional cost allocation & transmission coordination proposal development ○ Interregional principles, process and schedule
Nov. 14	NTTG Planning Committee Meeting <ul style="list-style-type: none"> • Order 1000 interregional requirements
Dec. 4	NTTG Steering Committee meeting <ul style="list-style-type: none"> • Order No. 1000 requirements • Coordinated interregional principles, process and schedule • Initial cost allocation options
Dec. 12	NTTG Planning Committee Meeting <ul style="list-style-type: none"> • Overview of the draft cost allocation and transmission coordination proposals • Schedule for upcoming joint interregional stakeholder meetings
Jan. 9	NTTG Planning Committee Meeting <ul style="list-style-type: none"> • Proposals for defining an interregional transmission facility, joint study team and joint evaluation • January 30th interregional stakeholder meeting: final proposal for stakeholder review
Feb. 7	NTTG Semi-Annual Stakeholder Meeting <ul style="list-style-type: none"> • High level briefing on the Interregional Order No. 1000 compliance activities

Date	Meeting / Key Discussion Topics
Feb. 12	NTTG Steering Committee meeting <ul style="list-style-type: none"> • Interregional Order No. 1000 process and schedule update • Key elements of the Interregional Proposal for Order No. 1000 compliance <ul style="list-style-type: none"> ○ Utilization of regional methodologies as the foundation for interregional compliance ○ Cost allocation proposal ○ Definition of an interregional transmission facility, Interregional data exchange and joint evaluation ○ Stakeholder comments and input
Mar. 13	NTTG Planning Committee meeting <ul style="list-style-type: none"> • Interregional Order No. 1000 common tariff language
Mar. 15	NTTG Steering Committee meeting <ul style="list-style-type: none"> • Interregional Order No. 1000 common tariff language • NTTG Steering Committee vote to support the proposed approach for Interregional Order No. 1000 compliance and the conforming common interregional tariff language

3. WestConnect

WestConnect achieved stakeholder participation in the interregional compliance development process by affording all stakeholders in the WestConnect region direct participation in interregional discussions, meetings, and direct access and review of interregional written work product. This level of direct involvement by regional stakeholders in the interregional compliance development process eliminated the need for a separate regional process.

IV. REQUIREMENTS FOR IMPLEMENTING INTERREGIONAL TRANSMISSION COORDINATION

In Order No. 1000, the Commission required that each public utility transmission provider ensure that the following requirements are included in the applicable interregional transmission coordination procedures: (1) a commitment to coordinate and share the results of each transmission planning region's regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so; (2) a formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions; (3) an agreement to exchange, at least annually, planning data and information; and (4) a commitment to maintain a website or e-mail list for the

communication of information related to the coordinated planning process.³¹ The Applicants respectfully submit that each of these requirements is satisfied with the Planning Regions' approach to interregional transmission coordination.

A. Commitment and Procedures to Coordinate and Share the Results of Each Region's Regional Transmission Plans

The Commission required each public utility transmission provider, through its regional transmission planning process, to establish procedures with each of its neighboring transmission planning regions for the purpose of coordinating and sharing the results of regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities.³² In addition to committing to share regional transmission planning information, the Commission directed each public utility transmission provider to develop and implement additional procedures that provide for the sharing of information regarding the respective transmission needs of each neighboring transmission planning region, and potential solutions to those needs, as well as the identification and joint evaluation of interregional transmission alternatives to those regional needs.³³

The Applicants have each committed to sharing each Planning Region's regional transmission plan in order to jointly identify and evaluate whether proposed interregional transmission projects would address regional transmission needs more efficiently or cost-effectively than separate regional transmission projects. In furtherance of this commitment, and as described in this compliance filing, the Applicants have developed the requisite procedures governing the sharing of regional transmission planning information and needs and the identification and joint evaluation of potential interregional transmission solutions. These procedures are embodied in the Common Language (Attachment 1) and are discussed in detail below.

B. Procedures to Identify and Jointly Evaluate Interregional Transmission Facilities

The Commission required each public utility transmission provider to develop a formal procedure to identify and jointly evaluate interregional transmission facilities that are proposed to be located in neighboring transmission planning regions.³⁴ Regarding the applicable procedures, the Commission stated that the developer of an interregional transmission project must first propose its project in the regional transmission planning processes of each of the planning regions in which the transmission facility is proposed to be located.³⁵ In addition, the

³¹ Order No. 1000 at App. C, pp. 613-14.

³² *Id.* P 396.

³³ *Id.* P 398.

³⁴ *Id.* P 435.

³⁵ *Id.* PP 436 & 442.

neighboring transmission planning regions must jointly evaluate the proposed transmission project within the same general timeframe as each planning region's individual consideration of the proposed transmission project.³⁶ Finally, each public utility transmission provider, through its transmission planning region, must develop procedures by which differences in the data, models, assumptions, planning horizons, and study criteria can be identified and resolved for purposes of jointly evaluating the proposed interregional transmission facility.³⁷

The Applicants have developed procedures to identify and jointly evaluate transmission facilities that are proposed to be located in more than one Planning Region. For consideration and joint evaluation in the interregional transmission planning process, the proponent of an ITP must submit the project to the Relevant Planning Regions³⁸ no later than March 31st of any even-numbered calendar year in accordance with the requirements of each Planning Region's regional transmission planning process.³⁹ In its submittal, to facilitate joint evaluation, the ITP proponent must include a list of all Planning Regions to which the project is submitted.⁴⁰

For properly submitted ITPs, the Relevant Planning Regions are to initiate joint evaluation of the proposed ITP in conjunction with their individual consideration of the proposed project pursuant to their regional transmission planning processes.⁴¹ When conducting the joint evaluation, the Relevant Planning Regions are to confer with each other regarding the data and costs associated with the proposed ITP and the study assumptions and methodologies to use in evaluating the project in each regional transmission planning process.⁴² The Relevant Planning Regions are to identify the appropriate transmission studies in each of their regional planning processes, based in part upon a consideration of experiences in prior planning cycles and the availability of new transmission study tools. Each Relevant Planning Region is to seek to resolve any differences it has with the other Relevant Planning Regions regarding the ITP if those differences would affect the evaluation of the project.⁴³ During the second year of the interregional transmission planning process, each Relevant Planning Region is to determine if

³⁶ *Id.* PP 436, 438 & 440. The Commission expects the public utility transmission providers to develop a time line that "provides a meaningful opportunity to review and evaluate through the interregional transmission coordination procedures information developed through the regional transmission planning process and, similarly, provides a meaningful opportunity to review and use in the regional transmission planning process information developed in the interregional transmission coordination procedures." *Id.* at P 439.

³⁷ *Id.* P 437.

³⁸ "Relevant Planning Region" means, with respect to an ITP, the Planning Region that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with Section 4.2, at which time it shall no longer be considered a Relevant Planning Region. Common Language at § 1.

³⁹ *Id.* § 4.1. For projects seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region, the proponent of the ITP must submit the project to each such Planning Region in accordance with the applicable regional transmission planning processes. *Id.*

⁴⁰ *Id.*

⁴¹ *Id.* § 4.2.

⁴² *Id.*

⁴³ *Id.* § 4.2(a).

the proposed ITP is more cost effective or efficient than other projects in its regional transmission planning process.⁴⁴ If a Relevant Planning Region determines that the ITP would not satisfy any of its regional transmission needs, it is to notify the other Relevant Planning Region(s), and it is not obligated to continue the joint evaluation of the proposed project.⁴⁵ In accordance with its regional transmission planning process, each Relevant Planning Region is to provide stakeholders with an opportunity to participate during the evaluation of the ITP.⁴⁶

C. Annual Exchange of Planning Data and Information

The Commission required each public utility transmission provider to adopt interregional transmission coordination procedures that provide for the exchange of planning data and information between transmission planning regions at least annually.⁴⁷ The Commission stated that these procedures must include the specific obligations for sharing planning data and information rather than only an agreement to do so.⁴⁸

As set forth in the Common Language, each Planning Region is to participate in an Annual Interregional Coordination Meeting, which should be convened in February, but not later than March 31, of each year.⁴⁹ Prior to the Annual Interregional Coordination Meeting, each Planning Region is “to make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in [that Planning Region’s] transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:
 - (a) identification of base cases;
 - (b) planning study assumptions; and
 - (c) study methodologies;
- (ii) initial study reports (or system assessments); and
- (iii) regional transmission plan ...⁵⁰

⁴⁴ *Id.* § 4.2(d).

⁴⁵ *Id.* § 4.2(c).

⁴⁶ *Id.* § 4.2(b).

⁴⁷ Order No. 1000 at P 454.

⁴⁸ *Id.* P 455.

⁴⁹ Common Language at § 3. The Applicants note that the Annual Interregional Coordination Meeting is the minimum requirement. The Planning Regions expect to have additional meetings as needed to evaluate the ITPs under consideration and as dictated by the unique circumstances of each regional transmission plan. Any additional meetings are to occur pursuant to each Planning Region’s rules and procedures.

⁵⁰ *Id.* § 2.

At the Annual Interregional Coordination Meeting, or during additional meetings as needed, the Planning Regions may discuss each Planning Region's most recent Annual Interregional Information, interregional solutions that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently, and updates of the status of ITPs being evaluated or previously included in a Planning Region's regional transmission plan.⁵¹ The Annual Interregional Coordination Meeting is to be open to stakeholder attendance.⁵²

D. Maintenance of a Website or E-mail List for Communication of Information

The Commission required public utility transmission providers to maintain a website or e-mail list for the communication of information related to interregional transmission coordination procedures.⁵³ The Commission indicated that this information could be maintained on an existing public utility transmission provider's website or on a regional transmission planning website, and must be posted in a manner allowing stakeholders to distinguish between interregional and regional transmission planning information.⁵⁴

Accordingly, each Planning Region is to post its Annual Interregional Information on its website in accordance with its regional transmission planning process.⁵⁵ A Planning Region is not required to post information that is not developed by the Planning Region, information that is to be provided by another Planning Region, or information that would violate the Commission's Standards of Conduct or other applicable legal requirements.⁵⁶ In addition, pursuant to the Planning Region's regional transmission planning process, any Annual Interregional Information posted by a Planning Region shall be subject to applicable confidentiality and Critical Energy Infrastructure Information restrictions, and any other applicable laws.⁵⁷

V. SATISFACTION OF PRINCIPLES FOR INTERREGIONAL COST ALLOCATION

In Order No. 1000, the Commission required each public utility transmission provider to demonstrate that its interregional cost allocation method is just and reasonable and not unduly discriminatory or preferential by demonstrating that it satisfies the following six cost allocation principles: (1) costs must be allocated in a way that is roughly commensurate with benefits; (2) there must be no involuntary allocation of costs to non-beneficiaries; (3) a benefit to cost

⁵¹ *Id.* § 3.

⁵² *Id.* Stakeholder involvement in any additional planning meetings will follow each Planning Region's rules and procedures.

⁵³ Order No. 1000 at P 458.

⁵⁴ *Id.*

⁵⁵ Common Language at § 2.

⁵⁶ *Id.*

⁵⁷ *Id.*

threshold ratio cannot exceed 1.25; (4) costs must be allocated solely within the transmission planning region or pair of regions unless those outside the region or pair of regions voluntarily assume costs; (5) there must be a transparent method for determining benefits and identifying beneficiaries; and (6) there may be different methods for different types of transmission facilities.⁵⁸ As described below,⁵⁹ the Applicants respectfully submit that their interregional cost allocation process satisfies each of the Commission's six cost allocation principles in a manner that best suits regional needs.⁶⁰

A. Cost Allocation Principle No. 1: Costs are to be allocated among regions in a way that is roughly commensurate with benefits.

The Commission required that “[t]he costs of a new interregional transmission facility must be allocated to each transmission planning region in which that transmission facility is located in a manner that is at least roughly commensurate with the estimated benefits of that transmission facility in each of the transmission planning regions. In determining the beneficiaries of interregional transmission facilities, transmission planning regions may consider benefits including, but not limited to, those associated with maintaining reliability and sharing reserves, production cost savings and congestion relief, and meeting Public Policy Requirements.”⁶¹

To be eligible for Interregional Cost Allocation, an ITP must be submitted into and request Interregional Cost Allocation from each Relevant Planning Region in accordance with its regional transmission planning process.⁶² Each Relevant Planning Region is to first evaluate whether the ITP meets a regional need, and, if so, then identify its regional benefits associated with an ITP through the application of its regional cost allocation methodology.⁶³ Each Relevant Planning Region is to calculate its assigned *pro rata* share of the projected ITP costs, which is equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP.⁶⁴ After sharing with the other Relevant Planning Regions information regarding what its regional benefit would be if it were to select the ITP for Interregional Cost Allocation, the Relevant Planning Region may use such information from all Relevant Planning Regions to identify its total share of the projected ITP costs in order to

⁵⁸ Order No. 1000 at PP 587, 603; Order No. 1000-A at P 524. These six interregional cost allocation principles only apply to “a new transmission facility that is located in two neighboring transmission planning regions and accounted for in the interregional transmission coordination procedure in an OATT.” Order No. 1000 at P 603.

⁵⁹ In addition, in Section II of this transmittal letter, the Applicants describe the interregional cost allocation process and provide an example of its application, and in Section III of this transmittal letter, the Applicants describe the process by which they sought to reach consensus on the interregional cost allocation process set forth in the Common Language.

⁶⁰ The Commission provided jurisdictional transmission providers with “the flexibility to develop cost allocation methods that best suit regional needs.” Order No. 1000-A at P 647.

⁶¹ Order No. 1000 at P 622; Order No. 1000-A at P 654.

⁶² Common Language at § 5.1.

⁶³ *Id.* § 5.2(c).

⁶⁴ *Id.* § 5.2(d).

determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation based upon its regional transmission planning process.⁶⁵ Accordingly, and as shown in Attachment 3, by allocating ITP costs on a *pro rata* basis based upon the projected benefits in a Relevant Planning Region, the Applicants' Interregional Cost Allocation process ensures that costs are allocated in a manner that is roughly commensurate with estimated benefits.

B. Cost Allocation Principle No. 2: No involuntary allocation of costs to non-beneficiary regions.

The Commission requires that “[a] transmission planning region that receives no benefit from an interregional transmission facility that is located in that region, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of that transmission facility.”⁶⁶

The Applicants ensure that non-benefiting Planning Regions are not involuntarily allocated costs associated with an ITP that is located in that region. Costs of a proposed ITP can only be allocated to a Relevant Planning Region when it would directly interconnect with the ITP, and the ITP would meet the Relevant Planning Region's transmission needs.⁶⁷ If a Relevant Planning Region determines that a proposed ITP will not meet any of its regional transmission needs,⁶⁸ it ceases being a Relevant Planning Region, has no further obligation to participate in the evaluation of the ITP, and will not be allocated costs attributable to that ITP.⁶⁹ Further, a Relevant Planning Region will only be allocated costs attributable to the ITP if the ITP is selected in that Relevant Planning Region's regional transmission plan.⁷⁰

C. Cost Allocation Principle No. 3: Use of benefit-to-cost threshold ratio.

The Commission requires that “[i]f a benefit-cost threshold ratio is used to determine whether an interregional transmission facility has sufficient net benefits to qualify for interregional cost allocation, this ratio must not be so large as to exclude a transmission facility with significant positive net benefits from cost allocation. ... If adopted, such a threshold may not include a ratio of benefits to costs that exceeds 1.25 unless the pair of regions justifies and the Commission approves a higher ratio.”⁷¹

The Applicants' Interregional Cost Allocation process relies upon a *pro rata* allocation of ITP costs among the benefitting Relevant Planning Regions, and does not use a benefit-cost

⁶⁵ *Id.* §§ 5.2(e) & (f).

⁶⁶ Order No. 1000 at P 637; Order No. 1000-A at P 684.

⁶⁷ Common Language at § 1 (“Relevant Planning Region”),

⁶⁸ *Id.* § 4.2(c).

⁶⁹ *Id.* §§ 1 (“Relevant Planning Region”), 4.2(c) & 5.

⁷⁰ Common Language at § 6.

⁷¹ Order No. 1000 at P 646; Order No. 1000-A at P 692.

threshold.⁷² As a result, Cost Allocation Principle No. 3 does not apply. Notwithstanding, a Relevant Planning Region may use a benefit-cost threshold to determine whether to select an ITP as the more efficient or cost-effective solution to a regional transmission need. If a Relevant Planning Region's regional methodology includes the use of a benefit-cost threshold ratio, the Relevant Planning Region would have to secure Commission approval that Principle No. 3 is satisfied with respect to its proposed regional cost allocation method.

D. Cost Allocation Principle No. 4: Costs for an interregional transmission project are to be assigned only to the regions in which the project is located.

The Commission requires that “[c]osts allocated for an interregional transmission facility must be assigned only to transmission planning regions in which the transmission facility is located. Costs cannot be assigned involuntarily under this rule to a transmission planning region in which that transmission facility is not located.”⁷³

Pursuant to the Applicants' Interregional Cost Allocation process, costs can only be allocated to Relevant Planning Regions.⁷⁴ A Relevant Planning Region is defined, in part, as “the Planning Regions that would directly interconnect with such ITP.”⁷⁵ Further, an ITP is defined, in part, as “a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions.”⁷⁶ Accordingly, consistent with the Commission's requirement, a Planning Region can only be allocated costs for an ITP located within the Planning Region.

E. Cost Allocation Principle No. 5: Transparent method for determining benefits and identifying beneficiaries.

The Commission requires that “[t]he cost allocation method and data requirements for determining benefits and identifying beneficiaries for an interregional transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed interregional transmission facility.”⁷⁷

Pursuant to the Interregional Cost Allocation process, the proponent of an ITP must submit the ITP, along with all required data, into the regional transmission planning process of each Relevant Planning Region.⁷⁸ When assessing an ITP, each Relevant Planning Region is to use its regional planning process and regional cost allocation methodology to determine the

⁷² Common Language at § 5.2(d) & (e).

⁷³ Order No. 1000 at P657; Order No. 1000-A at P 696.

⁷⁴ Common Language at §§ 5 & 6.

⁷⁵ *Id.* § 1.

⁷⁶ *Id.*

⁷⁷ Order No. 1000 at P 668.

⁷⁸ Common Language at § 4.1.

regional benefits resulting from the ITP and identify beneficiaries.⁷⁹ Stakeholders are afforded opportunities to participate in these regional planning processes.⁸⁰ These regional processes of stakeholder participation with information dissemination procedures ensure a transparent cost allocation process with sufficient documentation regarding the identification of benefits and beneficiaries for proposed ITPs.

F. Cost Allocation Principle No. 6: Different cost allocation methods may apply to different types of interregional projects.

The Commission requires that “[t]he public utility transmission providers located in neighboring transmission planning regions may choose to use a different cost allocation method for different types of interregional transmission facilities, such as transmission facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements. Each cost allocation method must be set out clearly and explained in detail in the compliance filing for this rule.”⁸¹

The Applicants have adopted one Interregional Cost Allocation process that applies to all ITPs in the United States portion of the Western Interconnection. Specifically, as shown in Attachment 3, the Applicants rely upon a *pro rata* method to allocate the costs of a selected ITP among the Relevant Planning Regions based upon each region’s share of the benefits.⁸² However, at the regional level, each Planning Region has its own unique regional transmission planning process, which may include different cost allocation methods. The Applicants’ regional processes are currently pending Commission approval, and the Common Language does not disturb those regional allocation methods.⁸³

VI. TARIFF CHANGES NECESSARY TO INCORPORATE THE INTERREGIONAL PROVISIONS

This section provides an explanation of each Applicant’s tariff modifications necessary to incorporate the interregional provisions discussed above.

A. California Independent System Operator Corporation

As part of the stakeholder process, the CAISO posted proposed modifications to tariff Section 24 and Appendix A that both implement and incorporate the Common Language. In addition, several revisions to existing tariff language were required to align the CAISO’s regional process with proposed interregional process and to provide clarification. The clean

⁷⁹ *Id.* § 5.2(c).

⁸⁰ *Id.* §§ 4.2(b) & 5.2(b).

⁸¹ Order No. 1000 at P 685.

⁸² Common Language at § 5.2(d).

⁸³ *Id.* §§ 5.2(c) & 6.1.

tariff language is set forth at Attachment 4 and the black-line version can found at Attachment 5.⁸⁴

1. *New Section 24.18- Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language*

The CAISO proposes to incorporate the Common Language as new Section 24.18. The new common definitions have been incorporated into Appendix A. The CAISO chose to use the common definition for the Order No. 1000 Common Interregional Coordination and Cost Allocation Tariff Language, but did not incorporate the warranty limitation provision in Section 2 of the common tariff language.⁸⁵

The CAISO made one other change to the Common Language. Because the CAISO is both a tariff filing entity and a Planning Region, the CAISO modified the Common Language to be prescriptive rather than passive. In contrast, because the other three Planning Regions are not tariff filing entities, the common tariff provisions do not contain prescriptive language as to activities that the Planning Regions are expected to undertake. The common tariff provisions, however, will obligate the other Applicants to jointly administer the Planning Regions in a manner consistent with the tariff provisions. Thus, the tariff language in Section 24.18 describes the activities in which the CAISO, as a Planning Region, *will* participate.⁸⁶

2. *New Section 24.17 and Subsections- Interregional Coordination Implementation Details*

Proposed section 24.17 sets forth the steps that CAISO will take to implement the interregional coordination and cost allocation processes. In response to stakeholder concerns, the CAISO explained in this section that the CAISO will conduct its evaluation of ITPs in a two year cycle but that it may conclude the evaluation earlier if the Relevant Planning Regions complete their assessments in time for an earlier decision.

Consistent with the Common Language, sections 24.17.1 and 24.17.2 provide that ITPs must be submitted by March 31 in the first even-numbered calendar year after the effective date of the tariff sections and must satisfy the CAISO's filing requirements set forth in the Business

⁸⁴ On April 18, 2013, the Commission issued an Order on Compliance Filing ("Regional Order") that addressed the CAISO's Order No. 1000 regional compliance filing. California Independent System Operator Corporation, et. al. 143 FERC ¶61,057 (2013). In the Regional Order, the Commission directed the CAISO to make a second compliance filing within 120 days of the Order date. Several of the tariff sections that the CAISO is modifying to align its regional and interregional processes contain modifications that were approved in the Regional Order, and also will be further modified in the second compliance filing. To avoid confusion, the version of the CAISO tariff used for the purposes of this compliance filing contains both the tariff changes approved in the Regional Order and those that the CAISO will propose in the second compliance filing.

⁸⁵ See Attachment 1.

⁸⁶ See, for example, CAISO tariff section 24.18.1, which states that "(A)nually, prior to the Annual Interregional Coordination Meeting, the CAISO will make available..." (Attachment 4). In contrast, Section 2 of the Common Language states that "(A)nually, prior to the Annual Interregional Coordination Meeting, [[Planning Region]] is to make available..." (Attachment 1).

Practice Manual for Transmission Planning (“TPP BPM”). Section 24.17.2 describes the CAISO’s preliminary evaluation of the interregional project in more detail, including a description of the topics that will be considered in deciding whether to further study the project in the second year.⁸⁷

In proposed section 24.17.3 the CAISO describes the factors that the CAISO will take into account as part of the in-depth analysis of an ITP during the second cycle, and the coordination efforts that will take place if the CAISO and other regions approve such a project in their respective regional transmission plans. This section, of course, will only apply if the CAISO’s preliminary analysis determines that the ITP potentially could meet a regional need for which a solution is not urgent, so that the CAISO has time in which to evaluate the ITP in more detail. In determining whether the ITP is a more cost efficient or effective solution, the CAISO will consider whether it can be constructed in the same timeframe as the regional solution. If the CAISO finds the ITP to be the preferred solution, the CAISO will identify the regional solution that it initially identified, but which the ITP replaced.

Once CAISO concludes that the ITP is found to be the better solution and two or more Relevant Planning Regions include it in their transmission plans, the CAISO will seek to coordinate with the project proponent, the Relevant Planning Regions and all affected transmission providers to address project implementation issues. These issues could include cost overruns, ownership and operational control, scheduling rights and other matters.

Proposed section 24.17.4 provides for the recovery of the CAISO’s assigned cost share of the project by the designated owner of an ITP. Consistently with the existing procedures for recovery of a transmission owner’s costs, the transmission owner will include the cost in its regional transmission revenue requirement, which the CAISO collects through its access charge and wheeling access charge. To implement this procedure, the CAISO’s proposal also amends Appendix F, Schedule 3, Section 6.1, and provides more detail on the calculation of a PTO’s regional revenue requirement, which is the sum of the PTO’s transmission revenue requirement and the annual high voltage transmission revenue balancing account adjustment. The transmission revenue requirement is net of revenues received from Existing Contracts (i.e., contractual scheduling rights that preceded this ISO). The revision specifies that it is also net of revenues received from other regions for ITPs. Once the interregional process is implemented and the Planning Regions gain experience from evaluating ITPs, it is possible that additional stakeholder consultation and tariff changes could be required. The CAISO will also consider making changes to its business practice manuals through the established change management procedures if additional clarification on cost recovery details is warranted.

Southern California Edison Company requested that the CAISO include more detail in the tariff regarding how costs will be recovered from the other planning regions. This is not an appropriate matter for the CAISO Tariff, however; rather, it is a matter that the designated owner of an ITP must address with the utilities in the other regions that will share the costs.

⁸⁷ Stakeholders specifically requested that the urgency of the regional need be taken into consideration in the evaluation process.

The CAISO recognizes that there may be circumstances in which the proposed tariff mechanism for recovery of the CAISO's share might not be suitable for a designated owner of an ITP that is not an existing participating transmission owner in the CAISO and does not wish to become one. The CAISO believes that it is more appropriate to address such circumstances if and when they arise, in the context of the specific facts presented.

Proposed sections 24.17.5 and 24.17.6 describe the steps that the CAISO will take to monitor the progress of an ITP that has been selected in the CAISO's transmission plan. Should the CAISO determine that ITP completion and energization has been delayed beyond the regional solution need date, the CAISO will take steps, in conjunction with the applicable PTO, to address potential NERC reliability concerns and possibly to select a regional solution that would supplant the ITP. Section 24.17.6 provides that the CAISO will use best efforts to select a regional solution in the same planning cycle in which the ITP was found to be delayed beyond the regional need date.

3. Other Tariff Revisions

The CAISO's current regional transmission planning process contains procedures for coordination with neighboring systems and balancing authority areas. Some of these procedures and tariff references will be superseded by the common tariff language and the proposed interregional process. There are other sections of the current tariff that needed to be clarified, enhanced or deleted to provide consistency between the regional and interregional processes.

Section 24.2 provides an overview of the regional transmission planning process. At 24.2.(c) the CAISO proposes to delete references to coordination with regional and sub-regional planning processes and to clarify that, as part of the regional process, the CAISO will continue to coordinate not only with the Planning Regions but also with interconnected balancing authority areas. Proposed new subsection 24.2(f) clarifies that the regional process will now provide an opportunity for project sponsors to submit ITPs into the CAISO's process to be evaluated as potential regional solutions.

At Section 24.3.1(m), the CAISO proposes to clarify that it will consider the Annual Interregional Information in the development of the unified planning assumptions and study plan. The revision eliminates language referring to consideration of sub-regional or regional proposals by other balancing authority areas from the Phase 2 request window requirements.⁸⁸ The CAISO also proposes to add references to ITP submission and assessment as additional topics that could be addressed in the comprehensive transmission plan and to add ITPs to the list of projects and elements that could be approved as part of the comprehensive transmission plan.⁸⁹ The CAISO also proposes minor modification to Sections 24.8.4 and 24.12 to reflect changes in nomenclature from "sub-regional" and "regional" to "regional" and "interregional" brought about by Order No. 1000.

⁸⁸ Section 24.4.3(b)(iii).

⁸⁹ Section 24.4.8 (8) and (9).

Sections 24.13.1 and 24.13.2 set forth a structure for sub-regional and regional data exchange and process coordination that has been completely superseded by the common tariff language and therefore the CAISO proposes to eliminate these sections. However, during the stakeholder process it became clear that parties were somewhat confused about CAISO regional transmission solutions that might interconnect to a neighboring Planning Region but would be eligible for cost recovery according to the CAISO's regional cost allocation process and not submitted to the other Planning Regions for cost allocation purposes. To provide clarification on this point, the CAISO is proposing new language for Section 24.13, which was supported by the stakeholders.

Specifically, proposed Section 24.13 refers to the three points in the regional process at which parties may suggest interregional solutions that could meet regional needs.⁹⁰ These points are (1) during the development of the study plan when parties can submit economic planning study requests, (2) into the Phase 2 request window as a solution to reliability or other concerns, or (3) as comments on the statewide conceptual plan. These proposals will be evaluated in the regional process on the basis of need for the entire facility, including the costs of the entire facility. If approved through the regional process, the project sponsor will be selected through the CAISO's competitive solicitation process.⁹¹ The project sponsor is free to then submit the project to the Relevant Planning Regions for evaluation or cost allocation through the interregional process, if so desired.

Section 24.13 also contains language clarifying that, to the extent the CAISO concludes that a potential interregional solution could provide benefits to other planning regions, the CAISO may identify the potential interregional solution to the relevant planning regions prior to fully assessing and approving a regional solution in its transmission planning process.

B. Northern Tier Transmission Group Applicants

In order to incorporate and implement the Common Language, the Northern Tier Transmission Group Applicants made several revisions to their respective Attachment Ks. First, the Northern Tier Transmission Group Applicants incorporated the Common Language into each of their Attachment Ks in a new part or section in between the regional and interconnection-wide planning processes.⁹² The Common Language provides two sections of optional language: a definition that references the entire Common Language and a warranty limitation on the Annual Interregional Information made available to the other Planning Regions. All of the Northern Tier Transmission Group Applicants incorporated the latter provision into their Attachment Ks, while none of them incorporated the former provision.

⁹⁰ These proposals would not be referred to as ITPs.

⁹¹ Section 24.5.

⁹² Deseret § C - Introduction; Idaho Power § C - Introduction; NorthWestern § 4 - Introduction; PacifiCorp § 4 - Introduction; Portland General § C - Introduction. Note that, in addition to the changes described herein, Portland General is updating the numbering of its Attachment K to correct inadvertent numbering changes that occurred in the conversion of its Attachment K to .rtf format when Portland General submitted its regional Order 1000 compliance filing on October 10, 2012.

Second, the Northern Tier Transmission Group Applicants revised existing sections of their respective Attachment Ks to incorporate the Common Language as follows:

- The preamble,⁹³ the introduction of the regional planning process,⁹⁴ and the introduction to the interconnection-wide planning process⁹⁵ were modified to reference the incorporation of the Common Language.
- A footnote was added to the definition section indicating that definitions specific to interregional transmission coordination and cost allocation are found within the Common Language section.⁹⁶
- In the local planning provisions, a reference(s) to interregional transmission planning was added.⁹⁷
- In the regional planning provisions, references to interregional transmission planning were added in various locations. The information required to be submitted by project sponsors was revised to incorporate the information needed for ITPs,⁹⁸ and the procedures for curing deficiencies in information were clarified to provide for an end date to the cure provisions.⁹⁹ An end date is needed to ensure complete information is available for interregional transmission coordination and the interregional annual coordination meeting. The description of the Biennial Study Plan was revised to specifically provide that it will include “analysis tools” and “local, regional and interregional projects.”¹⁰⁰

C. WestConnect Applicants

The WestConnect Applicants incorporated the Common Language into each of their Attachment Ks as a new part or section and made other minor conforming changes to various

⁹³ Deseret § Preamble; Idaho Power § Preamble; NorthWestern § Preamble; PacifiCorp § Preamble; Portland General § Preamble.

⁹⁴ Deseret § B – Introduction; Idaho Power § B – Introduction; NorthWestern § 3.1; PacifiCorp § 3.1; Portland General § B – Introduction.

⁹⁵ Deseret § D – Introduction; Idaho Power § D – Introduction; NorthWestern § 5.1; PacifiCorp § 5.1; Portland General § D - Introduction.

⁹⁶ Deseret § Definitions n1; Idaho Power § 1 n1; NorthWestern § Definitions n1; PacifiCorp § 1 n1; Portland General § Definitions n1.

⁹⁷ Deseret § A7; Idaho Power § A8; NorthWestern § 2.4.6 and 2.4.9; PacifiCorp § 2.8; Portland General § A8 - Recovery of Planning Costs.

⁹⁸ Deseret § B2.2; Idaho Power § B13.2; NorthWestern § 3.3.2; PacifiCorp § 3.3.2; Portland General § B13.2 – Study Process.

⁹⁹ Deseret § B2.2; Idaho Power § B13.2; NorthWestern § 3.3.2; PacifiCorp § 3.3.2; Portland General § B13.2 – Study Process.

¹⁰⁰ Deseret § B2.3; Idaho Power § B13.3; NorthWestern § 3.3.3; PacifiCorp § 3.3.3; Portland General § B13.3 – Study Process.

sections of their Attachment K's, identified in redline in their individual filings.¹⁰¹ The Common Language provides two separate elections of optional language: (1) a definition that references the entire Common Language part or section, and (2) a warranty limitation on the Annual Interregional Information made available to the other Planning Regions. The WestConnect Applicants incorporated this provision into their Attachment Ks.

VII. EFFECTIVE DATE

Each of the Applicants respectfully requests an effective date of October 1, 2013 for the revisions to their respective Attachment Ks set forth in this filing, provided that the two events set forth below have occurred. Otherwise, the Applicants request an effective date of October 1, 2015.

The Applicants believe that certain events must occur in order for this October 1, 2013 effective date to be workable without disrupting their respective transmission planning cycles. First, the Applicants request that the Commission issue order(s) accepting the substantive elements of this interregional compliance filing of the Applicants in their respective Planning Regions by October 1, 2013. Second, Northern Tier Transmission Group Applicants request that the Commission issue orders accepting the substantive elements of each of their Order No. 1000 regional compliance filings in advance of the date the Commission issues order(s) with respect to this interregional compliance filing.¹⁰²

Commencement of the activities under the interregional transmission planning processes contained in the Common Language depends upon the prior or contemporaneous implementation of the regional transmission planning processes. The regional transmission planning cycles for each of the Planning Regions commence on January 1st of each even-numbered calendar year. Accordingly, January 1, 2014 and January 1, 2016 mark the commencement of the next two regional transmission planning cycles. However, in their regional compliance filings, certain Planning Regions have proposed pre-qualification requirements that apply during the eighth quarter of the preceding planning cycle (*i.e.*, beginning October 1st) to the submission of transmission projects for the next planning cycle. An October 1, 2013 effective date for this filing therefore allows project sponsors to satisfy the applicable regional pre-qualification requirements for the 2014-2015 planning cycle.

If the Commission cannot issue orders on each respective Planning Region's interregional and regional compliance filings by October 1, 2013, then the Applicants request an October 1, 2015 effective date. Imposition of a mid-cycle effective date would disrupt the Applicants' local and regional planning processes, impede decisions relating to interregional

¹⁰¹ The regional transmission planning process for Public Service Company of Colorado is incorporated into Attachment R-PSCo to the Xcel Energy OATT. The regional transmission planning process for Arizona Public Service Company is incorporated into Attachment E of its OATT.

¹⁰² The Commission accepted, subject to a compliance filing, the WestConnect and CAISO regional compliance filings. *Pub. Serv. Co. of Colorado, et al.*, 142 FERC ¶ 61,206 (2013); *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,057 (2013).

projects, and make it difficult for stakeholders to participate effectively in the Applicants' regional and interregional processes.

The schedule set out above therefore permits the earliest date possible for implementation of interregional transmission coordination and cost allocation, as contemplated by Order No. 1000. The Applicants wish to make clear that, to the extent the Commission can issue orders with respect to the regional and interregional compliance filings of two or more of the Planning Regions by October 1, 2013, those regions will commence with interregional transmission coordination and cost allocation on the requested effective date of October 1, 2013, with the other regions joining the interregional process in the next planning cycle, commencing October 1, 2015.

VIII. EACH APPLICANT'S FILING PACKAGE

For each Applicant, its compliance filing consists of this transmittal letter, the Common Language (Attachment 1), the process diagram (Attachment 2), the cost allocation explanation (Attachment 3), a clean version of the Applicant's tariff (Attachment 4), and a red-lined version of the Applicant's tariff (Attachment 5).

IX. COMMUNICATIONS

Communications concerning this filing should be directed to the following representatives of the Applicants:

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X. CONCLUSION

For the reasons set forth above, the Applicants request that the Commission find the changes to each Applicant's tariff provisions submitted herewith to be in full compliance with the interregional provisions of Order No. 1000 and permit the proposed changes to become effective as set forth above.

Respectfully submitted this 10th day of May, 2013.

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Attachment 1

**Order 1000 Common Interregional Coordination and
Cost Allocation Tariff Language**



**[[insert name/number of this part of Attachment K/Tariff]]
Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language**

[Note: While the majority of the following is intended to be common language used by all four Planning Regions, in some instances the Planning Regions have discretion on whether to address a topic and what language to use. Those instances have been noted. In addition, the language may be formatted or capitalized differently to match individual Planning Region style.]

Where there are bracketed references to "[[Planning Region]]", each Planning Region is to insert its name.

ColumbiaGrid, Northern Tier, and WestConnect will reflect the following language in their Attachment Ks (and will use the term "part" or "Part"). CA ISO does not have an Attachment K and will add this to its general tariff (and will use the term "section" or "Section").

Introduction

[Note: Introductory language will be at the discretion of each Planning Region.]

This [[insert name/number of this part of Attachment K/Section ____]] sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions. [[Planning Region]] is to conduct the activities and processes set forth in this [[insert name/number of this part of [[Attachment K/Section ____]] in accordance with the provisions of this [[insert name/number of this part of Attachment K/Section ____]] and the other provisions of this [[Attachment K/tariff]].

Nothing in this [[part/section]] will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

Any Interregional Cost Allocation regarding any ITP is solely for the purpose of developing information to be used in the regional planning process of each Relevant Planning Region, including the regional cost allocation process and methodologies of each such Relevant Planning Region.

References in this [part/section] to any transmission planning processes, including cost allocations, are references to transmission planning processes pursuant to Order 1000.

Section 1. Definitions

The following capitalized terms were used in this Part [***] of Attachment K, are defined as follows: *[Note – CA ISO will incorporate definitions into its tariff's general definition section]*

Annual Interregional Coordination Meeting: shall have the meaning set forth in Section 3 below.

Annual Interregional Information: shall have the meaning set forth in Section 2 below.

Interregional Cost Allocation: means the assignment of ITP costs between or among Planning Regions as described in Section 5.2 below.

Interregional Transmission Project (“ITP”): means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Section 4.1.

[Optional Language] **Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language:** means this [[Section ___/Part ___]], which relates to Order 1000 interregional provisions.

Planning Region: means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: California Independent System Operator Corporation, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

Relevant Planning Regions: means, with respect to an ITP, the Planning Regions that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with Section 4.2, at which time it shall no longer be considered a Relevant Planning Region.

Section 2. Annual Interregional Information Exchange

Annually, prior to the Annual Interregional Coordination Meeting, [[Planning Region]] is to make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in [[Planning Region's]] transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:
 - (a) identification of base cases;

- (b) planning study assumptions; and
- (c) study methodologies;
- (ii) initial study reports (or system assessments); and
- (iii) regional transmission plan

(collectively referred to as “Annual Interregional Information”).

[[Planning Region]] is to post its Annual Interregional Information on its website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process [[Planning Region’s]] Annual Interregional Information. [[Planning Region]] may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

[[Planning Region]] is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by [[Planning Region]] in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if [[Planning Region]] reasonably determines that making such information available or otherwise providing such information would constitute a violation of the Commission’s Standards of Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by [[Planning Region]] shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under [[Planning Region’s]] regional transmission planning process. *[[Optional Language - Any Annual Interregional Information made available or otherwise provided by [[Planning Region]] shall be “AS IS” and any reliance by the receiving Planning Region on such Annual Interregional Information is at its own risk, without warranty and without any liability of [[Planning Region]] or any [if this is used, Planning Region can put in the descriptor they want]] in [[Planning Region]], including any liability for (a) any errors or omissions in such Annual Interregional Information, or (b) any delay or failure to provide such Annual Interregional Information.]]*

Section 3. Annual Interregional Coordination Meeting

[[Planning Region]] is to participate in an Annual Interregional Coordination Meeting with the other Planning Regions. [[Planning Region]] is to host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31st. The Annual Interregional Coordination Meeting is to be open to stakeholders. [[Planning Region]] is to provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

- (i) each Planning Region’s most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);

- (ii) identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and
- (iii) updates of the status of ITPs being evaluated or previously included in [[Planning Region's]] regional transmission plan.

Section 4. ITP Joint Evaluation Process

4.1 Submission Requirements

A proponent of an ITP may seek to have its ITP jointly evaluated by the Relevant Planning Regions pursuant to Section 4.2 by submitting the ITP into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region's regional transmission planning process and no later than March 31st of any even-numbered calendar year. Such proponent of an ITP seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the ITP to each such Planning Region in accordance with such Planning Region's regional transmission planning process. In addition to satisfying each Relevant Planning Region's information requirements, the proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the ITP is being submitted.

4.2 Joint Evaluation of an ITP

For each ITP that meets the requirements of Section 4.1, [[Planning Region]] (if it is a Relevant Planning Region) is to participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the ITP's submittal in accordance with Section 4.1 or the immediately following calendar year. With respect to any such ITP, [Planning Region]] (if it is a Relevant Planning Region) is to confer with the other Relevant Planning Region(s) regarding the following:

- (i) ITP data and projected ITP costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the ITP pursuant to its regional transmission planning process.

For each ITP that meets the requirements of Section 4.1, [[Planning Region]] (if it is a Relevant Planning Region):

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect [[Planning Region's]] evaluation of the ITP;

- (b) is to provide stakeholders an opportunity to participate in [[Planning Region's]] activities under this Section 4.2 in accordance with its regional transmission planning process;
- (c) is to notify the other Relevant Planning Regions if [[Planning Region]] determines that the ITP will not meet any of its regional transmission needs; thereafter [[Planning Region]] has no obligation under this Section 4.2 to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of [[Planning Region's]] regional transmission needs.

Section 5. Interregional Cost Allocation Process

5.1 Submission Requirements

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with Section 4.1, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from [[Planning Region]] and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

5.2 Interregional Cost Allocation Process

For each ITP that meets the requirements of Section 5.1, [[Planning Region]] (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to ITPs;
- (ii) [[Planning Region's]] regional benefits stated in dollars resulting from the ITP, if any; and
- (iii) assignment of projected costs of the ITP (subject to potential reassignment of projected costs pursuant to Section 6.2 below) to each Relevant Planning Region using the methodology described in this section 5.2.

For each ITP that meets the requirements of Section 5.1, [[Planning Region]] (if it is a Relevant Planning Region):

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect [[Planning Region's]] analysis;
- (b) is to provide stakeholders an opportunity to participate in [[Planning Region's]] activities under this Section 5.2 in accordance with its regional transmission planning process;
- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in [[Planning Region]], [[Planning Region]] is to use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; [[Planning Region]] may use such information to identify its total share of the projected costs of the ITP to be assigned to [[Planning Region]] in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in [[Planning Region]];
- (f) is to determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to this Section 5.2 in the same general time frame as its joint evaluation activities pursuant to Section 4.2.

Section 6. Application of Regional Cost Allocation Methodology to Selected ITP

6.1 Selection by All Relevant Planning Regions

If [[Planning Region]] (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, [[Planning Region]] is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections 5.2(d) or 5.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

6.2 Selection by at Least Two but Fewer than All Relevant Regions

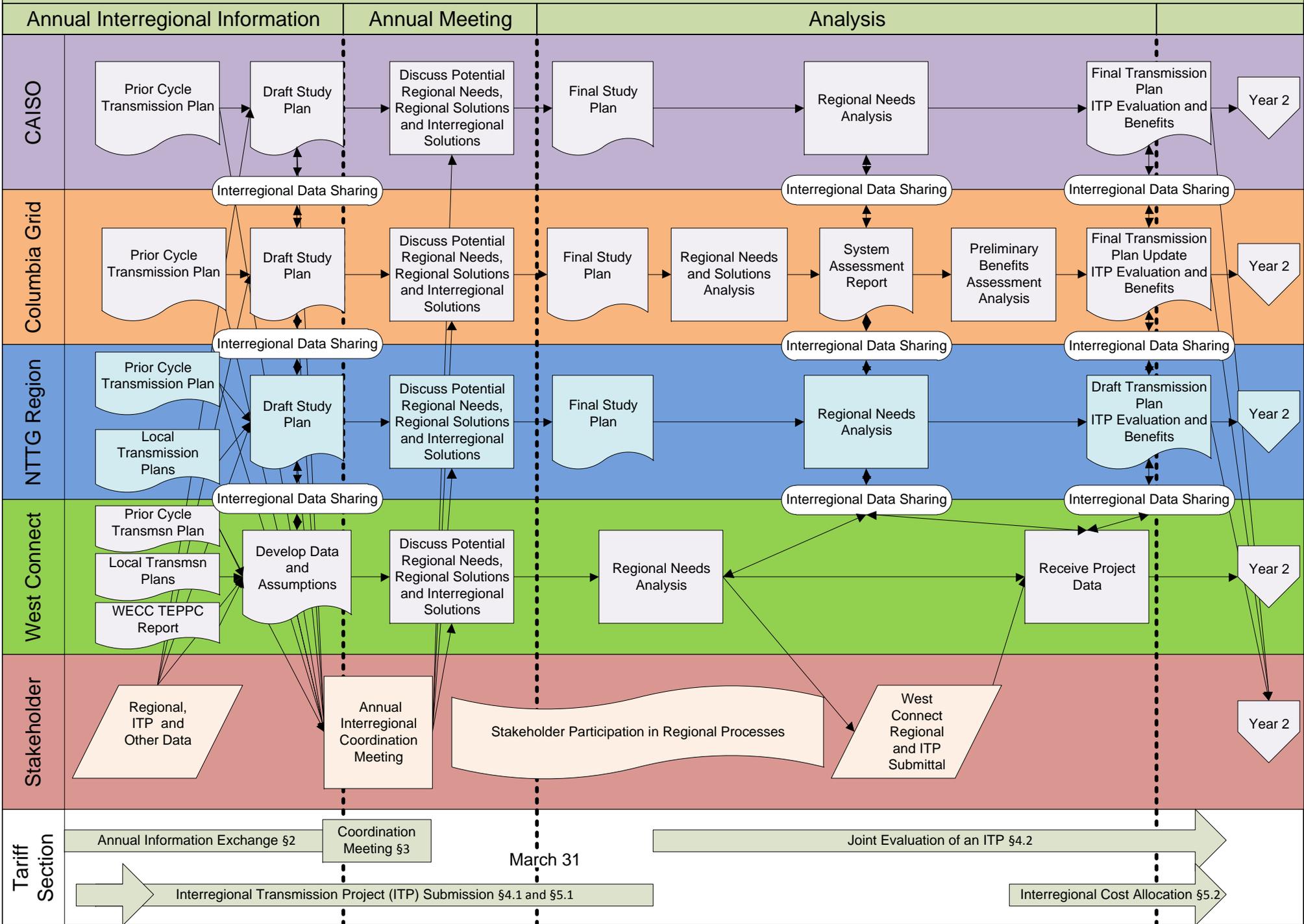
If the [[Planning Region]] (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, [[Planning Region]] is to evaluate (or reevaluate, as the case may be) pursuant to Sections 5.2(d), 5.2(e), and 5.2(f) above whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the ITP remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of [[Planning Region]] and at least one other Relevant Planning Region, [[Planning Region]] is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections 5.2(d) or 5.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

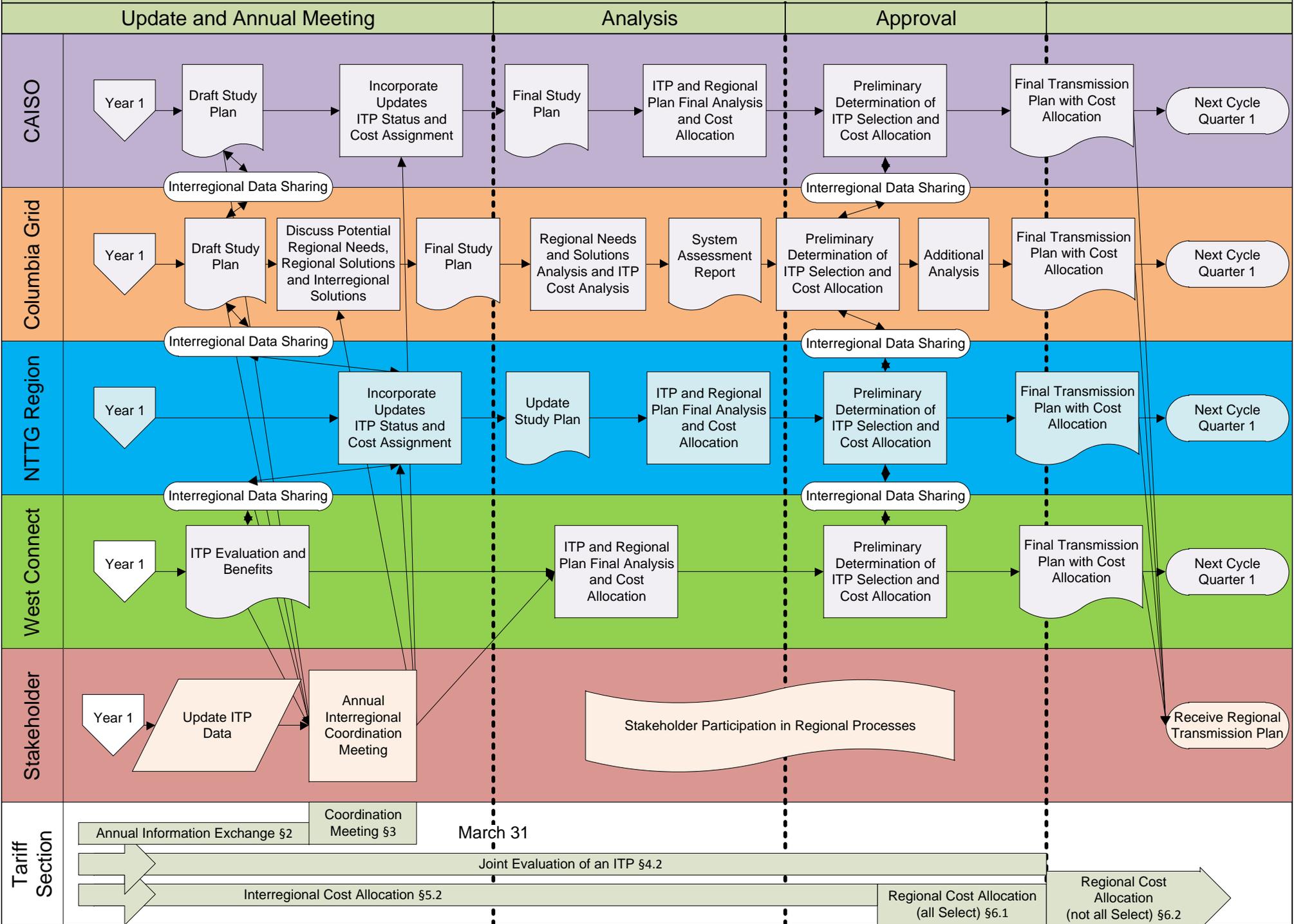
Attachment 2

Interregional Process Diagram

Interregional Coordination Process Representative Schedule (Year 1)



Interregional Coordination Process Representative Schedule (Year 2)



Attachment 3

Example of a Pro Rata Cost Assignment

Example of a Pro Rata Cost Assignment

An Interregional Transmission Project estimated to cost \$45 million is submitted for consideration for Interregional Cost Allocation in the regional transmission planning processes of the three of the Western Interconnection's four regions in which the Applicants are located.

- One region determines that the project does not meet any need within that region, and is permitted to disengage from the joint evaluation process under Section 4.2 of the Common Language.
- Two regions select the project in their regional transmission plans and determine that the project satisfies one or more regional needs and creates benefits¹⁰³ for the region, as follows:
 - Region X determines that the project would create \$35 million in benefits for its region.
 - Region Y determines that the project would create \$42 million in benefits for its region.
- Under the Common Language, the *pro rata* assignment would result in:
 - An assignment of project costs to Region X of \$20 million
 - \$35 million divided by \$77 million equals a 45% share of project benefits
 - 45% of the project's \$45 million estimated total cost equals \$20 million
 - An assignment of project costs to Region Y of \$25 million
 - \$42 million divided by \$77 million equals a 55% share of project benefits
 - 55% of the project's \$45 million estimated total cost equals \$25 million
- Given the use of a *pro rata* assignment method, both Region X and Region Y experience benefits greater than its assigned share of costs:
 - Region X: \$20 million in assigned costs versus \$35 million in quantified benefits
 - Region Y: \$25 million in assigned costs versus \$42 million in quantified benefits

¹⁰³ To the extent an individual planning region uses a Commission-approved benefit-to-cost threshold in assessing whether a project creates sufficient net benefits to warrant inclusion in its regional plan, the region would employ its approved threshold in quantifying net benefits of an interregional transmission project proposed for interregional cost allocation.

Attachment 4

[Applicant's Tariff]

Attachment 5

Redline Version of [Applicant's Tariff]

APPENDIX B

DRAFT FOURTH AMENDED PEFA

COLUMBIAGRID

PLANNING AND EXPANSION FUNCTIONAL AGREEMENT

~~THIRD~~FOURTH AMENDMENT AND RESTATEMENT

[insert date]

October 1, 2012

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COLUMBIAGRID
PLANNING AND EXPANSION FUNCTIONAL AGREEMENT
THIRDFOURTH AMENDMENT AND RESTATEMENT

RECITALS

A. ColumbiaGrid, a Washington state nonprofit corporation, 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, transparent, and non-discriminatory process and is intended to facilitate transmission expansion based upon such planning. This public transmission 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 planning horizon, are intended to identify and resolve projected transmission needs on the transmission systems of parties to this Agreement. ColumbiaGrid will facilitate an open and transparent transmission planning process designed to promote consensus among affected entities to address such projected transmission needs that affect more than one transmission system. If such consensus is not reached, ColumbiaGrid staff may propose transmission projects to resolve such projected transmission needs, including cost and benefit allocation, and submit such transmission projects to the ColumbiaGrid Board of Directors for approval.

E. 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.

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

G. The ColumbiaGrid transmission 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 will address expansions sponsored by parties to this Agreement. The biennial plans will also list transmission projects developed by individual parties to the Agreement to address transmission needs 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.

I. The ColumbiaGrid transmission planning process includes roles for Tribes and relevant State *and* Provincial governmental agencies with roles in energy regulation, transmission, and planning.

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 October 1, 2012, 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; ~~Enbridge, Inc.~~ MATL LLC; 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); and ColumbiaGrid, a Washington state nonprofit corporation.

1. Definitions

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

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, 8.6, or 8.7; *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 “Annual Interregional Coordination Meeting” shall have the meaning set forth in section 13.3 of Appendix A below.

1.5 “Annual Interregional Information” shall have the meaning set forth in section 13.2 of Appendix A below.

1.6 “Assigned Regional Costs from Interregional Cost Allocation” shall have the meaning given such term in section 1.46.

1.7 “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.

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

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

1.71.10 “Capacity Increase Project” means a voluntary modification of the Regional Interconnected Systems:

(i) to the extent that it is for the purpose of providing new or increased transmission capacity (*e.g.*, increased rating or improved availability) on the Regional Interconnected Systems;

(ii) that is voluntarily undertaken by one or more Transmission Owner or Operator Planning Party(ies), whether or not undertaken in conjunction with one or more other Persons; and

(iii) to the extent that it is not an Existing Obligation Project, Requested Service Project, or Single System Project.

A “Proposed Capacity Increase Project” means a proposal for a Capacity Increase Project at such time as it is being discussed in the transmission 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; a “Recommended Capacity Increase Project” means a recommendation, developed by the agreement of Affected Persons pursuant to section 8 of Appendix A, for a Capacity Increase Project that is included as such in a Draft Biennial Plan or Draft Plan Update; a “Staff-Recommended Capacity Increase Project” means a recommendation, made by Staff pursuant to section 8 of Appendix A following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Capacity Increase Project that is included as such in a Draft Biennial Plan or Draft Plan Update.

1.81.11 “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.

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

1.101.13 “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: (i) in the public domain or generally available or known to the public; (ii) disclosed to a recipient by a Third Person who had a legal right to do so; (iii) independently developed by the receiving Party or known to such Party prior to its disclosure under this Agreement; (iv) normally disclosed by entities in the Western Interconnection without limitation; (v) disclosed in aggregate form; or (vi) 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.

1.111.14 “CPI Index/GNP Deflator” means the Consumer Price Index (“CPI Index”) for Portland, Oregon, 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 ColumbiaGrid that reasonably reflects and monitors changes in consumer prices similar to the altered or discontinued index.

1.121.15 “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, public health, or safety.

1.131.16 “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.

1.141.17 “Effective Date” means April 4, 2007. The amendments to this Agreement specified in this ~~Third~~Fourth Amendment and Restatement of this Agreement shall become effective only as set forth in section 17.1.

1.151.18 “Electric System” has the meaning given for the words “electric system” in the WIS Agreement and means (i) electric distribution facilities or (ii) generation facilities or (iii) 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 (a) by which information is originated on an electric system or by the Person operating such system, (b) by which such information is transmitted, and (c) by which such information is received either for information or for operation of a system, whether by the originating system or by another system.

1.161.19 “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 load 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; or
- (ii) other existing long-term firm transmission obligations.

1.171.20 “Existing Obligation Project” or “EOP” means any modification to be made to the Regional Interconnected Systems

- (i) to the extent that it is for the purpose of meeting an EOP Need on a Transmission Owner or Operator Planning Party’s Transmission System;
- (ii) to the extent that it is not a Capacity Increase Project, Requested Service Project, or Single System Project; ~~and~~
- (iii) that is undertaken by one or more Transmission Owner or Operator Planning Party(ies); and
- (iv) that is approved by the Board and included as an Existing Obligation Project in a Plan.

A “Proposed Existing Obligation Project” or “Proposed EOP” means a proposal for an Existing Obligation Project at such time as it is being proposed in the transmission 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 Existing Obligation Project 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.

1.181.21 “Expanded Scope Project” means any Project (other than an ITP) if and to the extent that it is expanded pursuant to section 9 of Appendix A. A “Proposed Expanded Scope Project” means a proposal for an Expanded Scope Project that is voluntarily undertaken by one or more Transmission Owner or Operator Planning Party(ies) at such time as it is being proposed in the transmission planning process.

1.191.22 “Facilities Agreement” means a future agreement tendered by ColumbiaGrid to Designated Persons that may be separately entered into for purposes of effectuating an Existing Obligation Project pursuant to section 6.

1.201.23 “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.

1.21.24 “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.

1.25 “Fourth Amendment and Restatement” means this Agreement as amended by the Fourth Amendment and Restatement if and after such time as such amendments become effective in accordance with section 17.1.

1.221.26 “Interested Person” means any Person (including, but not limited to, any Relevant State or Provincial Agency, Tribe, 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. For purposes of section 13 of Appendix A, Interested Persons are referred to as stakeholders.

1.27 “Interregional Cost Allocation” means the assignment of ITP costs between or among Planning Regions as described in section 13.5.2 of Appendix A below.

1.28 “Interregional Transmission Project” or “ITP” means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with section 13.4.1 of Appendix A.

1.29 “Interregional Transmission Project Proponent” or “ITP Proponent” shall have the meaning given such term in section 1.53.

1.30 “Interregional Transmission Project Agreement” or “ITP Agreement” shall have the meaning given such term in section 1.53.

1.231.31 “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.

1.241.32 “Material Adverse Impacts” with respect to a Project or Proposed 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 or Proposed Project are considered mitigated if there would not be any Material Adverse Impacts due to such Project.

1.251.33 “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.

1.261.34 “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.

1.271.35 “Merchant Transmission Developer” means any Person that owns or operates, or proposes to own or operate, transmission facilities in the Order 1000 ColumbiaGrid 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.

1.281.36 “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.

1.291.37 “Need” means any of the following Needs as identified in a System Assessment Report 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, including any such Needs that are driven by Public Policy Requirements. “Potential Need” is an item that is proposed or considered for inclusion in the system assessment for possible identification in the System Assessment Report as a Need. For purposes of section 13 of Appendix A, a Need in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission need.

1.301.38 “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.

1.311.39 “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.

1.321.40 “Non-Incumbent Transmission Developer” means any Person that proposes to own or operate transmission facilities in the Order 1000 ColumbiaGrid Planning Region, which Person does not own or operate existing transmission facilities in the Order 1000 ColumbiaGrid Planning Region.

1.41 “Non-Order 1000 Cost Allocation” shall have the meaning given such term in section 1.48.

1.331.42 “Non-Transmission Alternative” means an alternative that does not involve the construction of transmission facilities and that ColumbiaGrid has determined would result in the elimination or deferral of a Need by modifying the loads 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.

1.341.43 “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.

1.351.44 “Order 1000” means the Commission’s Order No. 1000 (*Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051 (2011), *order on rehearing and clarification*, 139 FERC ¶ 61,132 (2012)) as it may be amended, supplemented, or superseded from time to time.

1.361.45 “Order 1000 Beneficiary” means a Transmission Owner or Operator Planning Party that is identified in an Order 1000 Cost Allocation Report as a Transmission Owner or Operator Planning Party that would receive Order 1000 Benefits as a direct result of an Order 1000 Project.

1.371.46 “Order 1000 Benefits” means, as more fully described in section 10.3.2 of Appendix A:

(i) with respect to an Order 1000 Project and a Transmission Owner or Operator Planning Party that is not an Order 1000 Sponsor of such Project, the Order 1000 Benefits of such Transmission Owner or Operator Planning Party shall be equal to the sum of:

a. the projected costs that such Transmission Owner or Operator Planning Party is projected to avoid over the Planning Horizon due to elimination or deferral, as a direct result of such Order 1000 Project, of planned additions of transmission facilities in the Order 1000 ColumbiaGrid Planning Region, plus;

b. if and to the extent not reflected in item (i)a. above of this section, 1.46, the value that such Transmission Owner or Operator Planning Party is projected to realize on its Transmission System over the Planning Horizon, as a direct result of such Order 1000 Project, where such value is equal to the lesser of:

1. the projected costs (excluding any projected costs included in item (i)a. above of this section 1.46) that such Transmission Owner or Operator Planning Party would, but for such Order 1000 Project, have otherwise incurred over the Planning Horizon to achieve an increase in capacity on its Transmission System equivalent to that resulting from such Order 1000 Project; or

2. the projected changes in revenues based on cost-based transmission rates over the Planning Horizon to such Transmission Owner or Operator Planning Party directly resulting from such Order 1000 Project or such Project’s elimination or deferral of planned transmission facilities, which projected changes in revenues shall be based on projected changes of usage of such Transmission Owner or Operator Planning Party’s Transmission System that are projected, using a robust economic analysis (including, as appropriate, production cost, power flow, and stability analyses and evaluation of transmission queues) and are repeatable over a wide range of reasonable assumptions, to result over the Planning Horizon from the projected changes in capacity on such Transmission Owner or Operator Planning Party’s Transmission System resulting from such Order 1000 Project or such Project’s elimination or deferral of planned transmission facilities; and

(ii) with respect to an Order 1000 Project and any Order 1000 Sponsor(s) of such Project, the aggregate Order 1000 Benefits of such Order 1000 Sponsor(s) shall be equal to the projected capital costs of such Project if it is not an ITP or the Assigned Regional Costs from Interregional Cost Allocation for such Project if it is an ITP.

“Regional Benefits for Purposes of Interregional Cost Allocation” means, with respect to an ITP, an amount equal to the sum of (I) the aggregate Order 1000 Benefits calculated in accordance with the provisions of item (i) above of this section 1.46 for any Transmission Owner(s) or Operator(s) that is not an Order 1000 Sponsor(s) of such ITP; plus (II) the aggregate Order 1000 Benefits calculated in accordance with the provisions of item (i) above of this section 1.46 for any Transmission Owner(s) or Operator(s) that is an Order 1000 Sponsor(s) of such ITP; provided, that such benefits will be determined for each Transmission Owner or Operator that is an Order 1000 Sponsor of such ITP as though it were not an Order 1000 Sponsor. For purposes of items (ii) and (c) of section 13.5.2 of Appendix A, Regional Benefits for Purposes of Interregional Cost Allocation is referred to as ColumbiaGrid’s regional benefits stated in dollars resulting from the ITP.

“Assigned Regional Costs from Interregional Cost Allocation” means, with respect to an ITP, ColumbiaGrid’s assigned *pro rata* share of the projected costs of such ITP calculated pursuant to item (d) of section 13.5.2 of Appendix A and item (iii) of section 14.4 of Appendix A. Assigned Regional Costs from Interregional Cost Allocation may be recalculated as a result of application of section 13.6.2 of Appendix A.

“Total Regional Costs from Interregional Cost Allocation” means, with respect to an ITP, the sum of (A) the amounts allocated to each TOPP(s) that would be, or is, an Order 1000 Beneficiary that would not be, or is not, an Order 1000 Sponsor for such ITP pursuant to item (iv) of section 14.4 of Appendix A; and (B) the amounts allocated to TOPP(s) that is an Order 1000 Sponsor(s) of such ITP pursuant to items (iv) and (v) of section 14.4 of Appendix A. Total Regional Costs from Interregional Cost Allocation may be recalculated as a result of application of section 13.6.2 of Appendix A.

1.381.47 “Order 1000 ColumbiaGrid Planning Region” means the Transmission Systems that Transmission Owner or Operator Planning Parties own or operate or propose to own or operate in the Regional Interconnected Systems. The transmission facilities, existing or proposed, of any Person that is enrolled in a neighboring transmission planning region (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region shall not be part of the Order 1000 ColumbiaGrid Planning Region, and such facilities shall not be part of or comprise an intraregional project facilities (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region for purposes of Order 1000 Cost Allocation.

1.391.48 “Order 1000 Cost Allocation” means an allocation, using the Order 1000 Cost Allocation Methodology, pursuant to section 10.3.3 of Appendix A, of costs of an Order 1000 Project among one or more Transmission Owner or Operator Planning Parties. ~~A cost allocation with respect to an interregional project (as such term is used in Order 1000) is specifically excluded from the meaning of Order 1000 Cost Allocation or ITP Proponents.~~ “Non-Order 1000 Cost Allocation” means a cost allocation pursuant to provisions of this Agreement other than ~~section 10.3~~ sections 10.3, 13 or 14 of Appendix A (such as ~~sections~~ section 5.4, 6.4, 8.4, 8.4 or 9.4 of Appendix A). Any Non-Order 1000 Cost Allocation does not constitute a cost allocation for purposes of Order 1000. The term “any cost allocation” includes any Order 1000 Cost Allocation or any Non-Order 1000 Cost Allocation.

1.401.49 “Order 1000 Cost Allocation Methodology” means the cost allocation methodology set out in section 10.3 of Appendix A that is to be applied by ColumbiaGrid in making an Order 1000 Cost Allocation.

1.411.50 “Order 1000 Cost Allocation Report” means the report prepared by Staff and approved and finalized by the Board in accordance with section 10 of Appendix A that includes: (i) with respect to each Order 1000 Project selected for inclusion in a Biennial Plan, the results of and documentation relating to ColumbiaGrid’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including (a) the identified Order 1000 Benefits and an explanation of such Order 1000 Benefits, and (b) the identified Order 1000 Beneficiaries of such Order 1000 Project, and, (ii) with respect to any Proposed Project for which Order 1000 Cost Allocation was requested in accordance with section 10 of Appendix A but that was not selected as an Order 1000 Project, an explanation of why such Proposed Project was not selected as an Order 1000 Project.

1.421.51 “Order 1000 Preliminary Cost Allocation Report” means, with respect to an Order 1000 Project, the Staff’s results of and documentation in accordance with section 10 of Appendix A relating to the Staff’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including the comments of the relevant Study Team’s participants.

1.431.52 “Order 1000 Project” means (i) any Project in the Order 1000 ColumbiaGrid Planning Region, other than an ITP, for which Order 1000 Cost Allocation has been requested and that has been selected as an Order 1000 Project, all in accordance with section 10 of Appendix A or (ii) any ITP for which Interregional Cost Allocation has been requested and that has been selected as an Order 1000 Project, all in accordance with sections 10, 13 and 14 of Appendix A; provided that, if and to the extent any the Project would directly interconnect electrically with existing or planned transmission facilities of such Project are not located in the Order 1000 ColumbiaGrid in two or more Relevant Planning Region, such Project for purposes of section 10 of Appendix A and any other Regions, such Project shall not be eligible to be an Order 1000 Project except as an ITP. For purposes of the cost allocation provisions of this Agreement relating to, an ITP may be deemed to be an Order 1000 Project notwithstanding the fact that the selection of a Project an ITP as an Order 1000 Project or relating to Order 1000 Cost Allocation shall be deemed to not include such transmission facilities not located in the Order 1000 ColumbiaGrid Planning Region under this Agreement occurs after cost allocation calculations have been performed with respect to such ITP. For the avoidance of doubt, Order 1000 Project specifically excludes (i) any facilities if and to the extent they are not located in the Order 1000 ColumbiaGrid Planning Region or are not owned or operated or proposed to be owned or operated by a Transmission Owner or Operator Planning Party, and (ii) any Project, notwithstanding the fact that the Project otherwise satisfies the requirements to be an Order 1000 Project, for which the any facilities for which all Transmission Owner or Operator Planning Party(ies) and the ITP Proponent(s), as applicable, that requested Order 1000 Cost Allocation has subsequently withdrawn such request in accordance with section 10 of Appendix A.

1.441.53 “Order 1000 Sponsor” means, with respect to any Project for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A, and, with

respect to a Project that is an ITP for which Interregional Cost Allocation has been requested in accordance with sections 13 and 14 of Appendix A,

- i. any Transmission Owner or Operator Planning Party that proposes to own or operate transmission facilities of such Project; or
- ii. any ITP Proponent of such Project (if it is an ITP).

Order 1000 Sponsor specifically excludes a Merchant Transmission Developer with respect to a Project ~~in the Order 1000 ColumbiaGrid Planning Region.~~

“ITP Proponent” means, with respect to an ITP, a Person (other than a Party) that

- a. seeks to have such ITP jointly evaluated by the Relevant Planning Regions pursuant to section 13.4.2 of Appendix A;
- b. enters into an agreement regarding such ITP with ColumbiaGrid, which Interregional Transmission Project Agreement (“ITP Agreement”) shall be substantially in the form attached as Appendix C (“Pro Forma ITP Proponent Agreement”); and
- c. makes the payment to ColumbiaGrid as required by such ITP Agreement.

For purposes of section 13 of Appendix A, an ITP Proponent is referred to as a proponent of an ITP.

1.451.54 “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).

1.461.55 “Party” means a signatory to this Agreement.

1.471.56 “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.

1.481.57 “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.

1.491.58 “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.

1.501.59 “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.

1.511.60 “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. For purposes of section 13 of Appendix A, a Plan in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission plan.

1.61 “Planning Region” means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: California Independent System Operator Corporation, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

1.521.62 “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.

1.531.63 “Planning Criteria” means the then current planning standards that ColumbiaGrid shall apply, as provided in section 2.1 of Appendix A, in any system assessment, System Assessment Report, or Need Statement.

1.541.64 “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.

1.551.65 “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.

1.561.66 “Planning Party” means each Party other than ColumbiaGrid. ColumbiaGrid shall maintain a list of the Planning Parties on its Website.

1.571.67 “Project” means any of the following included in a Plan, under development in the transmission planning processes under this Agreement, or under consideration for inclusion in a Plan, as the context requires: (i) Capacity Increase Project, (ii) Existing

Obligation Project, (iii) Requested Service Project, ~~or~~(iv) Single System Project, or (v) an ITP. 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". An "Expanded Scope Project" is a Project (other than an ITP) the scope of which is expanded in accordance with section 9 of Appendix A and may be a combination of one or more Existing Obligation Projects, Requested Service Projects, Capacity Increase Projects, and Single System Projects. A "Proposed Project" means a proposal for a Project at such time as it is being discussed in the transmission planning process.

1.581.68 "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.

1.591.69 "Qualified Person" means (i) any Person (including any Transmission Owner or Operator Planning Party, any Non-Incumbent Transmission Developer, or Merchant Transmission Developer) that owns or operates, or proposes to 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.

1.70 "Regional Benefits for Purposes of Interregional Cost Allocation" shall have the meaning given such term in section 1.46.

1.601.71 "Regional Interconnected Systems" or "RIS" means the interconnected transmission systems in the Pacific Northwest.

1.72 "Relevant Planning Regions" means, with respect to an ITP, the Planning Regions that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with section 13.4.2 of this Appendix A, at which time it shall no longer be considered a Relevant Planning Region.

1.611.73 "Relevant State or Provincial Agency" means any State or Provincial agency with authority over energy regulation, transmission, or planning that has expressed an interest in the ColumbiaGrid transmission planning process and has requested to be included on the Interested Persons list. For example, these may include the Washington Utilities and Transportation Commission, Idaho Public Utilities Commission, Oregon Public Utility Commission, Washington Department of Commerce (specifically the Energy Office within that department), Washington Energy Facility Site Evaluation Council, and the appointees to the Northwest Power and Conservation Council. If requested by a governor in the Pacific Northwest, Relevant State and Provincial Agency may also include a representative from such governor's office. For the purposes of this Agreement, the term also includes any successor to these agencies.

1.621.74 "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.

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

1.641.76 “Requested Service Project” means any modification of the Regional Interconnected Systems

(i) to the extent that it is for the purpose of providing service pursuant to a transmission service or interconnection request made to a Transmission Owner or Operator Planning Party;

(ii) that is undertaken by one or more Transmission Owner or Operator Planning Party(ies);

(iii) to the extent that it is not an Existing Obligation Project, Capacity Increase Project, or Single System Project; and

(~~iii~~iv) that 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 transmission 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.

1.651.77 “Single System Project” means any modification of a single Transmission System of a Transmission Owner or Operator Planning Party that

(i) is for the purpose of meeting a Need or other purpose of such Transmission Owner or Operator Planning Party that impacts only such single Transmission System;

(ii) does not result in Material Adverse Impacts on any transmission system;

(iii) to the extent that it is not an Existing Obligation Project, Capacity Increase Project, or Requested Service Project; and

(iv) is included as a Single System Project in a Plan.

With respect to a Transmission Owner or Operator Planning Party's Single System Project for which such Transmission Owner or Operator Planning Party as sponsor of such Project has requested an Order 1000 Cost Allocation in accordance with section 10 of Appendix A: a “Proposed Single System Project” means a proposal for a Single System Project at such time as it is being proposed in the transmission planning process under this Agreement; a “Recommended Single System Project” means a recommendation for a Single System Project that is developed by the agreement of Affected Persons and that is included in a Plan; and a “Staff-Recommended Single System Project” means a recommendation by the Staff for a Single System Project following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Single System Project.

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

1.671.79 “Study Team” with respect to a Proposed 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, and (iv) any ITP Proponent(s) of such Project; provided that participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law.

1.681.80 “Supporting Planning Parties” for an Existing Obligation Project means 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 Existing Obligation Project.

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

~~**1.70** “Third Amendment and Restatement” means this Agreement as amended by the Third Amended and Restatement if and after such time as such amendments become effective in accordance with section 17.1.~~

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

1.83 “Total Regional Costs from Interregional Cost Allocation” shall have the meaning given such term in section 1.46.

1.721.84 “Transmission Owner or Operator Planning Party” or “TOPP” means a Party that is, or proposes to be, an 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.

1.731.85 “Transmission System” means with respect to a Transmission Owner or Operator Planning Party the transmission facilities in the Pacific Northwest owned or operated or proposed to be owned or operated by such Transmission Owner or Operator Planning Party.

1.741.86 “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.

1.751.87 “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).

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

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

1.781.90 “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.

1.791.91 “WIS Agreement”: see definition 1.2 above.

2. Biennial Transmission Plans and Updates

2.1 Adoption of Plans and Effect of Cost Allocation

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 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 cost allocation under this Agreement will (i) determine any transmission service to be received by, or any transmission usage by, any Person, (ii) obligate any Person to purchase or pay for, or obligate any Person to commit to purchase or pay for, any transmission service or usage, (iii) obligate any Person to implement or effectuate, or commit to implement or effectuate, any cost allocation, (iv) obligate any Person to pay, or commit to pay, costs of any Project or Proposed Project in accordance with any cost allocation, or (v) entitle any Person to recover for any transmission service or usage or to recover from any Planning Party any cost of any transmission facilities, regardless of whether such transmission facilities are included in any Plan. Without limiting the generality of the foregoing, nothing in this Agreement nor any cost allocation under this Agreement will waive, or preclude any Party from exercising, such Party's rights to contest any matter referenced in this section 2.1, including any cost allocation, before the Commission.

Without limiting the generality of the foregoing, nothing in this Agreement with respect to an Order 1000 Cost Allocation shall preclude Bonneville or any other Party from carrying out any of its statutory authorities or complying with any of its statutory obligations.

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) with respect to a Capacity Increase Project(s):
 - a. for a Capacity Increase Project(s) for which such Project's(s') sponsor(s) has requested a Study Team for Project development, either a Recommended Capacity Increase Project(s) or Staff-Recommended Capacity Increase Project(s); or
 - b. for all other Capacity Increase Project(s), the Capacity Increase Project(s) that have been submitted for inclusion in the Biennial Plan for informational purposes by the TOPP(s) sponsoring such Project(s);
- (v) with respect to Single System Project(s):
 - a. for a Single System Project(s) for which the TOPP sponsoring such Project(s) has requested an Order 1000 Cost Allocation

and such Project has been planned through a Study Team pursuant to section 7.3 of Appendix A, either a Recommended Single System Project(s) or Staff-Recommended Single System Project(s); or

b. for all other Single System Project(s), the Single System Project(s) on a Transmission System that has been submitted for inclusion in the Biennial Plan for informational purposes 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 such Project's sponsor(s) and other Affected Persons that are Planning Parties;

(vii) Non-Transmission Alternatives;

(viii) any Proposed Project for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A or sections 13 and 14 of Appendix A, including a statement as to whether such Project was selected as an Order 1000 Project and, if not, the basis upon which such Project was not selected as an Order 1000 Project;

(ix) any Order 1000 Preliminary Cost Allocation Reports for each 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) Potential Needs proposed for inclusion in the system assessment and, for those Potential Needs that were not included in the system assessment, the basis upon which they were not selected; (d) any Needs that were included in the System Assessment Report to the extent such Needs are not being met by a Project in the Biennial Plan; (e) information regarding any Proposed Project for which planning through ColumbiaGrid is underway but which is not yet ready for implementation; (f) any Proposed 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:

- (i) as approved by the Board—
 - a. EOP(s);
 - b. Requested Service Project(s);

- c. Capacity Increase Project(s);
- d. Single System Project(s);
- e. Interregional Transmission Project(s);
- f. Order 1000 Project(s); and
- g. Order 1000 Cost Allocation Report(s);

and

- (ii) included for informational purposes—
 - a. System Assessment Report(s);
 - b. Need Statement(s);
 - c. Capacity Increase Project(s);
 - d. Single System Project(s);
 - e. Expanded Scope Project(s);
 - f. Interregional Transmission Project(s);
 - g. Order 1000 Project(s);
 - h. Non-Transmission Alternative(s); and
 - i. such other information that the Board finds appropriate for inclusion in the Biennial Plan for informational purposes.

2.4 Adoption of Plan Updates

If at any time ColumbiaGrid determines that changes in planning assumptions or other conditions require the development 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 Proposed 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 that the information necessary to model the Projects is available and taking into account the input of Planning Parties and Interested Persons with respect to Potential Needs, including Potential Needs driven by a Public Policy Requirement;
- (iii) through the system assessment, identify Needs for which potential solutions should be identified and evaluated and task Study Teams to work in an open, transparent, non-discriminatory, and collaborative manner (subject to ColumbiaGrid's obligation to protect Confidential Information and CEII pursuant to this Agreement) to identify and evaluate solutions to address such Needs and evaluate such solutions, including their consistency with the solution evaluation factors described in section 2.3 of Appendix A;
- (iv) apply the Order 1000 Cost Allocation Methodology to any Order 1000 Project in accordance with ~~section 10~~ sections 10, 13, or 14 of Appendix A;
- (v) for Projects other than Order 1000 Projects, as appropriate, apply the cost allocation provisions of sections 5.4, 6.4, 8.4, or 9.4 of Appendix A;
- (vi) coordinate, as appropriate, with the planning activities of other regional planning entities and neighboring transmission systems, including other transmission planning regions (as such term is used in Order 1000);
- (vii) 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
- (viii) 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 Transmission 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 Proposed 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 Need(s) notwithstanding any such facility or expansion or any other facility or expansion. Nothing in this section 4.1 is intended to prevent ColumbiaGrid from performing studies as needed in accordance with Appendix A.

4.2 Coordinated, Open, Transparent, and Non-Discriminatory Nature of Process

ColumbiaGrid shall endeavor to implement the transmission planning processes under this Agreement in a coordinated, open, transparent, non-discriminatory, and participatory manner, subject to ColumbiaGrid's obligation to protect Confidential Information and CEII pursuant to this Agreement. These processes are 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 Proposed 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, Provincial, and Tribal representatives on the Interested Persons List. ColumbiaGrid shall develop protocols regarding procedures designed to identify and notify States and Provinces, 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, and ITP Proponents 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, Provinces and Tribes

ColumbiaGrid shall maintain protocols to foster the collaborative involvement of States, Provinces, and Tribes in the ColumbiaGrid transmission planning process. Such protocols shall guide ColumbiaGrid's communications with Relevant State and Provincial Agencies and Tribes regarding the ColumbiaGrid transmission planning process under this Agreement and shall include the following.

4.5.1 Roles of States and Provincial Agencies in the ColumbiaGrid Transmission Planning Process. ColumbiaGrid shall maintain as part of its list of Interested Persons an up-to-date service list of Relevant State and Provincial Agencies that have indicated interest in participation in ColumbiaGrid's transmission planning activities or otherwise interested in collaborative involvement with ColumbiaGrid. All Relevant State and Provincial Agencies may participate as non-decisional participants in any Study Team involved in the ColumbiaGrid transmission planning process as set forth in Appendix A. In addition, ColumbiaGrid shall provide the opportunity for direct consultation between its Board or Staff and any Relevant State and Provincial Agency whenever requested by the Agency. Such requests can be in response to proposed ColumbiaGrid actions, at the discretion of the Relevant State and Provincial Agency, or at the request of ColumbiaGrid Board. ColumbiaGrid shall endeavor to have such collaborative consultations take place with any Relevant State and Provincial Agency at least once a year unless deemed unnecessary by such Relevant State and Provincial Agency. Such consultations shall take place at locations selected by the Relevant State and Provincial Agency within reasonable time and budget constraints, and, if requested by the Relevant State and Provincial Agency, shall be an open public meeting.

4.5.2 Development of Protocol for Communications With, and Receiving Input from Tribes. ColumbiaGrid shall develop a protocol to foster the collaborative involvement of Pacific Northwest Tribes in the ColumbiaGrid transmission planning process. Such protocol shall guide ColumbiaGrid's communications with the Tribes and shall include provisions to keep the Tribes informed regarding ColumbiaGrid's activities as well as provisions to receive input from the Tribes and their authorized representatives in the transmission planning process. 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.

4.6 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. Each TOPP agrees to submit to ColumbiaGrid its underlying data for the WECC submittals. 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

The Parties may 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 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 transmission 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

The provisions of this section 6 do not apply with respect to any EOP for which an Order 1000 Cost Allocation has been requested.

6.1.1 In the absence of a request for Order 1000 Cost Allocation in accordance with section 10 of Appendix A and 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 by any party to a Facilities Agreement of any additional capacity on the transmission system of another party to a Facilities Agreement resulting from an EOP that is:

- a. added or maintained as a result of an EOP; and
- b. added or maintained on the transmission system of such party to a Facilities Agreement as a result of any of the facilities comprising the plan of service under such Facilities Agreement; but
- c. 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 such 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 1.21; *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 6.3 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 7 or any such membership or participation shall not authorize ColumbiaGrid to undertake

any cost allocation with respect to any transmission facilities or undertake any 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 7 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:

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

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 transmission plant, net of depreciation, located in the Pacific Northwest 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:

(contract amount of rights (MW)) * (8760 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. ColumbiaGrid shall promptly reflect the adjustment of the Maximum Payor Obligations, 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.

8.7 Allocation of Subsequent Payment Amounts and Allocated Shares for Subsequent Invoices in the Event of an Update in Transmission Plant and Load Information

From time to time, ColumbiaGrid may collect updated net transmission plant and Annual Area Load information from the Payors and recalculate using the formula set forth in section 8.4

the Allocated Shares and the corresponding Maximum Payor Obligations of the Funders, as appropriate, to be effective prospectively, as of the date selected by ColumbiaGrid.

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 or Proposed 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 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 as follows.

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 that 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 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 of Fourth Amendment and Restatement of this Agreement

17.1 Original Parties

Except as provided in section 17.2, this Fourth Amendment and Restatement of this Agreement shall become effective for all Parties on April 4, 2007 executing Parties upon their execution and delivery of this Fourth Amendment and Restatement of this Agreement or such later date as may be designated by the Commission; 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 executing Parties agree in writing to such change or condition.

~~The Third Amendment and Restatement shall not become effective unless and until:~~

~~(i) — the Third Amendment and Restatement is filed with the Commission by Avista Corporation and Puget Sound Energy, Inc. and such filings are accepted by the Commission (a) unconditionally or (b) with no change or condition that is inconsistent with the Third Amendment and Restatement and that is not accepted in writing by each Party; and~~

~~(ii) — the intraregional compliance filings in response to Order 1000 of Avista Corporation and of Puget Sound Energy, Inc. are accepted by the Commission (a) unconditionally or (b) with no change or condition that is inconsistent with the Third Amendment and Restatement and that is not accepted in writing by each Party.~~

~~Unless and until the Third Amendment and Restatement becomes effective pursuant to the preceding sentence, the Agreement shall be as set forth absent the Third Amendment and Restatement.~~

This Fourth Amendment and Restatement of this Agreement shall, upon its becoming effective for the executing Parties, supercede and replace the Third Amendment and Restatement of this Agreement and any other prior versions of this Agreement as among such executing Parties; provided that any obligations accrued under any prior version of this Agreement and outstanding as of the date this Fourth Amendment and Restatement of this Agreement becomes effective shall survive until such obligations are satisfied; provided further that execution of the Fourth Amendment and Restatement of this Agreement by any executing Party shall not act to supercede and replace this Agreement as amended by the Second Amendment to Planning and Expansion Functional Agreement as among ColumbiaGrid and any Planning Party that has not executed and delivered this Fourth Amendment and Restatement of this Agreement.

17.2 Subsequent Planning Parties

With respect to any Qualified Person who executes this Agreement after the ~~Effective Date established~~date the Fourth Amendment and Restatement of this Agreement becomes effective pursuant to section 17.1, this Agreement shall be effective as to such Qualified Person as of the date it executes this Agreement by executing a counterpart signature page of this Agreement and delivers such counterpart signature page to ColumbiaGrid, which shall maintain such original counterpart signature page and shall prepare and distribute a conformed copy thereof to each of the Planning 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 18.5. At the end of the Withdrawal Period, all rights and obligations under this Agreement of the 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~~ **18.6** *This section left intentionally blank*

~~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 Under This Agreement

19.1.1 Permitted Methods of Notice. Any notice, demand, or request to a Party 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: ~~Allen Burns~~ Chief Executive Officer

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

~~Enbridge, Inc.:~~ MATL LLC:

150 King St. West, Suite 2512
Toronto, ON, M5H 1J9
Canada
Attn: Robert Van Beers

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

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

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

P.O. Box 3007
Longview, WA 98632
Attn: Rick Syring

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

1151 Valley Mall Parkway
East Wenatchee, WA 98802
Attn: Jeff Heminger

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

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

Puget Sound Energy, Inc.:

P.O. Box 97034
Bellevue, WA 98009
Attn: George Marshall, Director, Electric Transmission

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: Tuan Tran, Director, Energy Delivery Engineering

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: Shirley Eshbach

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.

19.1.4 Initial Address of Subsequent Planning Party. Any Qualified Person that executes this Agreement ~~after the Effective Date~~ pursuant to section 17.2 after the Fourth Amendment and Restatement of this Agreement becomes effective pursuant to section 17.1 shall promptly give ColumbiaGrid notice of the designation and 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 designation and address.

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 (i) create or grant the Commission authority over entities or matters which it would not otherwise have, (ii) 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, (iii) create a contractual obligation under this Agreement to comply with any order in response to a Facilities Petition, or (iv) 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. 1 of Cowlitz
County, Washington**

By: _____
Title: _____
Date: _____

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

By: _____
Title: _____
Date: _____

~~Enbridge, Inc.~~ MATL LLC

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: _____

APPENDIX A

TRANSMISSION PLANNING PROCESS

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

Although the transmission 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 and Factors

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 Need Statements:

(i) ~~(i)~~—planning standards applicable to TOPPs pursuant to law or regulation;

(ii) ~~(ii)~~—NERC reliability standards;

(iii) ~~(iii)~~—recognized regional planning or other reliability or transmission adequacy criteria developed by the consensus of the TOPPs for use on their 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 Transmission 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.

2.2 Needs Factors

The factors used in selecting among Potential Needs for inclusion in the system assessment shall include the following, as appropriate:

(i) the level and form of support for addressing the Potential Need (such as indications of willingness to purchase capacity and existing transmission service requests that could use capacity consistent with solutions that would address the Potential Need);

- (ii) the feasibility of addressing the Potential Need;
- (iii) the extent, if any, that addressing the Potential Need would also address other Potential Needs; and
- (iv) the factual basis supporting the Potential Need.

No single factor shall necessarily be determinative in selecting among Potential Needs for inclusion in the system assessment.

2.3 Solution Evaluation Factors

The factors used in evaluating proposed solutions to address Needs shall include the following, as appropriate:

- (i) in the case of a Proposed Project, sponsorship and degree of development of a proposal for such Project;
- (ii) feasibility;
- (iii) coordination with any affected Transmission System and any other Affected Persons;
- (iv) economics;
- (v) effectiveness of performance;
- (vi) satisfaction of Need(s), including the extent to which the proposed solution satisfies multiple Needs; and
- (vii) consistency with applicable state, regional, and federal planning requirements and regulations.

No single factor shall necessarily be determinative in evaluating proposed solutions to address Needs.

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 considering the factors described in section 2.3 above of this Appendix A, 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, subject to subsequent updates on the status of such Non-Transmission Alternative.

3. System Assessment Report and Need Statements

Each year, ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall prepare a Draft System Assessment Report 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 EOP 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:

3.1.1 ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall perform an assessment through screening studies of the RIS using the Planning Criteria to:

(i) identify EOP Needs projected to occur during the Planning Horizon;
and

(ii) identify Needs other than EOP Needs projected to occur during the Planning Horizon as follows:

a. ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall consider and select Potential Needs from among the following for inclusion in the system assessment, based upon the factors as described in section 2.2 above of this Appendix A:

1. Potential Need of a TOPP identified by such TOPP:

A. to respond to requests for transmission service and interconnection;

B. to increase capacity on its Transmission System; and

C. for a Single System Project;

and

2. Potential Need identified by any Person for increased transmission capacity on the RIS.

b. ColumbiaGrid shall document the basis upon which a Potential Need was not selected for inclusion in the system assessment.

3.1.2 ColumbiaGrid shall perform the system assessment and 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 sections 4.1 and 4.6 of the body of this Agreement. ColumbiaGrid shall insofar as practicable update the then current WECC planning base case to reflect such updated information so that the system assessment reflects on-going 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.

3.1.3 ColumbiaGrid shall determine in each system assessment, with respect to any Order 1000 Project included in the Plan, the status and on-going progress of such Project. The Order 1000 Sponsor shall provide for each such system assessment, and such determination will be based on, updated Project information. The system assessment will include an assessment of whether such Project continues to be expected to meet the underlying Need(s) in a timely manner. If such Project does not so continue to be expected to meet such Need(s) in a timely manner, ColumbiaGrid may remove such Project from its Biennial Plan. Upon such removal, such Project shall not be an Order 1000 Project. It is recognized that such removal may result in alternative solutions in the transmission planning process to meet any applicable Need(s).

3.1.4 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.

3.1.5 ColumbiaGrid, in coordination with Planning Parties and Interested Persons, shall prepare a Draft System Assessment Report. Such Draft System Assessment Report shall reflect Needs that the system assessment has projected to occur during the Planning Horizon.

(i) During the development of the Draft System Assessment Report, each Planning Party shall endeavor to inform Staff of any material change in conditions (anticipated to occur during the Planning Horizon) with respect to such Planning Party of which it is aware affecting any Need(s) under consideration in the Draft System Assessment Report as a Need.

(ii) ColumbiaGrid shall, insofar as practicable, take into account any such updates in its Draft System Assessment Report.

3.1.6 ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall (i) consider Proposed Projects, and shall develop conceptual transmission solutions, that address any Need(s) (other than any Need(s) that is expected to result in a Single System Project for which Order 1000 Cost Allocation has not been requested in accordance with section 10 of this Appendix A) and (ii) identify which EOP Needs and related conceptual solutions are likely to result in Near-Term EOPs.

a. ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall develop a Draft Need Statement for each such Need. Each such Draft Need Statement shall include the following information at a minimum:

1. a narrative description of the Need and the assumptions, applicable Planning Criteria, and methodology used to determine the Need;
2. one or more conceptual transmission-based solutions to meet the Need with estimated timelines and estimated costs to implement each such solution; and
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, Interested Persons participating in the system assessment, 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 Interested 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 Interested Persons.

3.1.7 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.

3.1.8 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.

3.1.9 ColumbiaGrid shall present the Draft System Assessment Report and Draft Need Statements to the Board for review and comment.

3.1.10 ColumbiaGrid will incorporate the comments of the Board on the Draft System Assessment Report and Draft Need Statements into the System Assessment Report and Need Statements.

4. Study Teams

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

4.1 Scope of Study Team Activities:

The general objective of a Study Team shall be, with respect to any Need(s) set out in a Need Statement(s), to collaboratively and timely develop all required elements of a plan of service as may be required to address such Need(s) as provided in this section 4 of this Appendix A and sections 5.2, 6.3, 7.3, and 8.3 of this Appendix A. In developing such plan of service, a Study Team will evaluate any of the following proposed solutions to a Need(s): Proposed Projects, Non-Transmission Alternatives, and conceptual solutions that are:

- (i) reflected in the relevant Need Statement(s); or
- (ii) proposed by any Study Team participant to address such Need(s); *provided that* the information, including Project data, needed in order for the Study Team to evaluate such proposed solutions has been provided to ColumbiaGrid.

In performing such evaluation, the Study Team shall assess the ability of any such proposed solution to address a Need(s) considering the factors as described in section 2.3 above in this Appendix A. In addition, the Study Team shall assess whether there is a solution that is a more cost-effective and/or efficient alternative, applying such factors, to address Need(s). 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 underlying Need(s). With respect to an EOP Need, a Study Team shall develop a proposed solution that addresses an EOP Need in a Need Statement. With respect to a Requested Service Project, the Study Team shall develop a proposed solution that serves the request for service in a manner that meets time constraints. With respect to a Single System Project, a Proposed Project's sponsor that is a TOPP may request a Study Team for Project development if such Proposed Project's sponsor also requests an Order 1000 Cost Allocation for such Project. If a TOPP proposing a Single System Project has not requested a Study Team, ColumbiaGrid may convene a Study Team to identify whether there are Material Adverse Impacts resulting from such Project. With respect to a Capacity Increase Project, a Proposed Project's sponsor that is a TOPP may request a Study Team for Project development. If a TOPP proposing a Proposed 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 Proposed Capacity Increase Project. With respect to an ITP submitted pursuant to Section 14.2 of this Appendix A, a Study Team shall evaluate such ITP as a proposed solution for a Need(s).

4.2 Study Teams to Develop Proposed Projects Other than in Response to Needs

Pursuant to sections 7.1 (Single System Projects) and 8.1 (Capacity Increase Projects) below of this Appendix A, Study Teams may develop Proposed Projects other than to address Needs.

4.3 Participation in Study Teams

Any Planning Party, Affected Person, or Relevant State and Provincial Agency or other 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 an 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, 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 Proposed Requested Service Project, 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 Proposed Single System Project or Proposed Capacity Increase Project for which the Project's sponsor has requested that a Study Team assist in Project development, the Planning Party proposing such Project shall assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to an ITP, and consistent with Section 14.3 of this Appendix A, the TOPP(s) or ITP Proponent(s) that submitted the ITP is to assume primary responsibility for leading and performing necessary analytical work for such ITP in the Study Team.

At such time that ColumbiaGrid determines that a TOPP that is not involved may be materially affected by the proposed solution 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.

4.4 Formation of Study Teams

Staff shall hold a public meeting, with general notice to Planning Parties and Relevant State and Provincial Agencies and other Interested Persons and specific notice to those TOPPs that ColumbiaGrid anticipates may be affected, for the purpose of reviewing each Need Statement(s) and soliciting participation in a Study Team to address each Need Statement. Staff shall also inform Planning Parties and Interested ~~Parties~~Persons regarding those Study Teams that have been requested in accordance with this Agreement for purposes other than addressing Needs. 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 efficiencies or effectiveness, or develop solutions that meet more than one Need Statement.

5. Development of EOPs After Development of Need Statements

5.1 Formation of Study Teams

Pursuant to section ~~4.4~~4.4 of this Appendix A, ColumbiaGrid shall form Study Team(s) to develop a proposed solution to address an EOP Need(s) in an EOP Need Statement(s). When such Study Teams have been formed, ColumbiaGrid shall give specific notice to those TOPPs that ColumbiaGrid anticipates may be affected.

5.2 Elements of an EOP

An EOP in a Biennial Plan (or Plan Update) shall include the following elements: 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 that* 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 as provided in section 2.4 above of this Appendix A evaluate, using factors that include those identified in section ~~2.3~~2.3 above of this Appendix A, 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, subject to subsequent updates on the status of such Non-Transmission Alternative.

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 Proposed 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 Proposed EOP if not for the mitigation included in such Proposed EOP.

In the event that such Affected Persons do not reach agreement on any element(s) of a ~~Proposed~~proposed Near-Term EOP, the Staff shall make a recommendation for any unresolved element(s) of a ~~Proposed~~proposed 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, in the absence of an Order 1000 Cost Allocation, endeavor to make an equitable allocation of the costs of a Staff-Recommended 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 such EOP. Where there are two affected TOPPs, and one has an 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 an EOP Need during the Planning Horizon that is met by such Staff-Recommended 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 Proposed 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 in this section 6.2, 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 be limited consistent with such TOPP's OATT and applicable law. 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 the following elements: 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 Proposed Requested Service Project, (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 Proposed 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 informational purposes. In the event that such Affected Persons do not reach agreement on a Proposed 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 plan of service. If there is an accompanying EOP Need which can be delayed or eliminated by the Staff-Recommended Requested Service Project within the Planning Horizon, ColumbiaGrid shall, in the absence of an Order 1000 Cost Allocation, 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 an EOP Need

during the Planning Horizon that is met by the Staff-Recommended 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 potential 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 Staff-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 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. Single System Projects may be for purposes of addressing a Need(s) or for another purpose.

If the system assessment performed by Staff under section 3 of this Appendix A identifies an 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 informational purposes.

7.2 Formation of Study Team to Evaluate Material Adverse Impacts

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 and if a Study Team has not otherwise been requested pursuant to section 7.3 below of this Appendix A for such Project, ColumbiaGrid shall convene a Study Team to evaluate Material Adverse Impacts. If there are no unmitigated Material Adverse Impacts, ColumbiaGrid shall include such potential Single System Project in the Plan as a Single System Project for informational purposes and include such Single System Project in future system assessments, subject to subsequent updates on the status of such Project. If there are unmitigated Material Adverse Impacts, such potential Project is not a Single System Project.

7.3 Formation of Study Team for Project Development

If a TOPP requests in accordance with section 10 of this Appendix A an Order 1000 Cost Allocation for a Proposed Single System Project on its Transmission System, such TOPP must develop such Project through a ColumbiaGrid Study Team. Upon receipt of such a request, ColumbiaGrid will convene a Study Team for development of such Project.

A Single System Project in a Biennial Plan (or Plan Update) developed by a Study Team convened for development of such Project shall include the following elements: a plan of service, estimated costs, cost allocation, if any, and schedule.

In the event that Affected Persons do not reach agreement on any element(s) of such Proposed Single System Project, and the Sponsor has not withdrawn its request for an Order 1000 Cost Allocation, the Staff shall make a recommendation for any unresolved element(s) of such Project 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.

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. Capacity Increase Projects may be for purposes of addressing a Need(s) or for another purpose.

8.2 Formation of Study Team

8.2.1 Formation of Study Team for Project Development. If the Proposed Project's sponsor requests a Study Team for Project development, ColumbiaGrid will convene such Study Team for such purpose. In the event that Affected Persons do not reach agreement on any element(s) of a Proposed Capacity Increase Project developed by a Study Team convened for Project development of such Project, and the Project's sponsor(s) so requests, the Staff shall make a recommendation for any unresolved element(s) of such Project 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.

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 Proposed Capacity Increase Project for which a Study Team has not otherwise been requested pursuant to section ~~8.2.1~~8.2.1 of this Appendix A, ColumbiaGrid shall convene a Study Team to evaluate Material Adverse Impacts.

8.3 Elements of Capacity Increase Project

A Capacity Increase Project in a Biennial Plan (or Plan Update) shall include the following elements: 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 solution evaluation factors described in section ~~2.3~~2.3 of this Appendix A, 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.

8.4 Request for Cost Allocation for Proposed Capacity Increase Project

In the absence of an Order 1000 Cost Allocation, a TOPP may request a cost allocation recommendation from ColumbiaGrid on a Proposed 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, 8.4, ColumbiaGrid's non-binding recommendation shall be to allocate 100 percent of the costs of such Proposed Capacity Increase Project among the Persons participating in such Project in proportion to the expected amount of added transmission capacity to be received by each such Person from such Project.

9. Expanded Scope Projects

9.1 Assessing Interest in Expanding the Scope of a Proposed Project

Prior to including any Proposed Project (other than an ITP) 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 Proposed Project; *provided that* absent agreement of the TOPP(s) whose Transmission System(s) has a projected EOP Need, consideration of the request to expand the scope of a Proposed 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 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. A Proposed 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 Proposed Expanded Scope Project, (ii) each sponsor of the Project as originally configured would receive

equivalent or better service (including meeting the applicable Need(s)) at no greater cost than it would have paid for the original Project, and (iii) such Proposed Expanded Scope 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

A Proposed Project may qualify for and receive an Order 1000 Cost Allocation only if (i) such Proposed Project's Order 1000 Sponsor(s) makes a timely request in accordance with section 10.1.1 below of this Appendix A that such Proposed Project be selected as an Order 1000 Project, (ii) such Proposed Project's Order 1000 Sponsor(s) meets the requirements set out in section 10.1.2.1 below of this Appendix A, ~~and~~ (iii) such Proposed Project is selected as an Order 1000 Project in accordance with section 10.1.2 below of this Appendix A, and (iv) if the Proposed Project is an ITP, the Order 1000 Sponsor also requests Interregional Cost Allocation for such Proposed Project in accordance with sections 13.5.1 and 14.4 of this Appendix A.

10.1.1 Timely Request for Selection as Order 1000 Project. Not later than 60 days after the issuance of the final Study Team report including the plan of service to address a Need(s), an Order 1000 Sponsor of a Proposed Project that is in such plan of service may request Order 1000 Cost Allocation for such Proposed Project; *provided that* with respect to a Proposed Single System Project, such Project's Order 1000 Sponsor must request Order 1000 Cost Allocation at the time such sponsor requests a Study Team for Project development in accordance with section 7.3 of this Appendix A. Any request for an Order 1000 Cost Allocation shall be submitted in writing to ColumbiaGrid. ColumbiaGrid shall post all such requests on its Website, and distribute copies of such requests to all Planning Parties and participants in the Study Team for the Proposed Project for which Order 1000 Cost Allocation has been requested. Any request submitted after the applicable foregoing deadline is not timely and will not result in consideration of a Proposed Project for selection as an Order 1000 Project for the ~~plan~~Plan then under development.

10.1.2 Selection as Order 1000 Project. No later than 30 days after the later of (i) the issuance of the final Study Team report with respect to a Proposed Project, including the plan of service to address the applicable Need(s) and (ii) the receipt by ColumbiaGrid of a timely request pursuant to section 10.1.1 above of this Appendix A for Order 1000 Cost Allocation for such Proposed Project, the Staff shall make a preliminary determination whether such Project

qualifies as an Order 1000 Project pursuant to section 10.1.2.1 below of this Appendix A. ColumbiaGrid shall document Staff's preliminary determination in writing, post such determination on its Website, distribute such determination to Planning Parties and participants in the Study Team for the Proposed Project for which Order 1000 Cost Allocation has been requested, and communicate to its Interested Persons distribution list that such a determination has been posted on its Website. Planning Parties and Interested Persons shall have 30 days to provide written comments on the Staff's preliminary determination. After considering such written comments and modifying its preliminary determination as the Staff finds appropriate, the Staff shall present its determination to the Board for review and comment.

The Order 1000 Sponsor(s) that requested Order 1000 Cost Allocation for a Proposed Project in accordance with this section 10 may withdraw its request for such Order 1000 Cost Allocation at any time; *provided that* after ColumbiaGrid's release of a draft Preliminary Cost Allocation Report for such Project, ColumbiaGrid shall not make a Non-Order 1000 Cost Allocation with respect to such Project. Such request may be withdrawn by submitting notice of withdrawal of such request to ColumbiaGrid in writing. In the event that more than one Order 1000 Sponsor has requested Order 1000 Cost Allocation for such Project, and ColumbiaGrid has determined that it is an Order 1000 Project in accordance with this section 10.1.2, so long as at least one such sponsor's request has not been withdrawn, ColumbiaGrid shall apply the Order 1000 Cost Allocation Methodology to such Order 1000 Project.

If all Order 1000 Sponsors that requested an Order 1000 Cost Allocation for a Proposed Project timely withdraw such requests in accordance with this section, 10.1.2, the Proposed Project shall not be identified as an Order 1000 Project in the Biennial Plan. In such an instance, however, if such Project would receive a Non-Order 1000 Cost Allocation under this Agreement had an Order 1000 Sponsor not requested Order 1000 Cost Allocation, ColumbiaGrid shall make a Non-Order 1000 Cost Allocation in accordance with this Agreement.

10.1.2.1 Order 1000 Project Selection Criteria. As part of the open, transparent, and collaborative development of a plan of service to address Need(s) pursuant to section 4 of this Appendix A, the Study Team or ColumbiaGrid, as appropriate, shall evaluate and determine whether the following criteria are met:

- (i) the Order 1000 Sponsor's(s') proposed Order 1000 Project:
 - a. meets such Need(s);
 - b. is confirmed by the Study Team or ColumbiaGrid, as appropriate, to be the more cost effective and/or efficient solution to meet such Need(s);
 - c. has been developed by a Study Team and been included in the related plan of service; and

d. Order 1000 Cost Allocation for such Project has been timely requested (and such request has not been withdrawn by all Order 1000 Sponsors of such Project) pursuant to section 10.1.1 of this Appendix A;

and

(ii) the Order 1000 Sponsor(s):

a. is found by ColumbiaGrid to meet the Order 1000 Sponsor qualifications set out below in section 10.1.2.2 of this Appendix A; *provided that* if ColumbiaGrid finds that the Order 1000 Sponsor(s) does not meet such qualifications, ColumbiaGrid shall give to such Order 1000 Sponsor(s) written notice describing the deficiencies, and such Order 1000 Sponsor(s) shall have 30 days after receipt of such notice to cure such deficiencies; and

b. has submitted required information on a timely basis, including Project data and Project development schedule, indicating required steps, such as granting of state, federal, and local approvals necessary to develop and construct the Proposed Project so as to timely meet the Need(s); *provided that* data relating to Order 1000 Sponsor qualifications must be submitted at or before the time such Order 1000 Sponsor(s) requests Order 1000 Cost Allocation.

If the Order 1000 Sponsor(s) and its Proposed Project meet the above-listed criteria, ColumbiaGrid shall select the Proposed Project as an Order 1000 Project. To the extent the Order 1000 Sponsor(s) and its Proposed Project do not meet the criteria in this section ~~10.1.2~~, 10.1.2 of this Appendix A, ColumbiaGrid shall not select the Proposed Project as an Order 1000 Project and shall document in the Draft Plan and Biennial Plan an explanation of why such Project was not selected as an Order 1000 Project.

10.1.2.2 Order 1000 Sponsor Qualifications. In determining eligibility for selection as an Order 1000 Project pursuant to this section, ~~10.1.2.2~~, 10.1.2.2, ColumbiaGrid shall review the qualifications of any Order 1000 Sponsor to determine whether such Order 1000 Sponsor is technically, financially, and otherwise capable of:

(i) developing, licensing, and constructing the Proposed Project for which Order 1000 Cost Allocation has been requested pursuant to this section 10 in a timely and competent manner; and

(ii) owning, operating, and maintaining the proposed Order 1000 Project facilities consistent with Good Utility Practice and applicable reliability criteria for the life of such proposed Order 1000 Project.

Such Order 1000 Sponsor must be a TOPP or an ITP Proponent, as the case may be, at the time Order 1000 Cost Allocation is requested in accordance with this section 10 for the proposed

Order 1000 Project. The following factors will be considered in determining such Order 1000 Sponsor's eligibility:

- a. the current and expected capabilities of the Order 1000 Sponsor to finance, seek licenses, plan, design, develop, and construct the proposed Order 1000 Project on a timely basis consistent with the proposed schedule and to own, reliably operate, and maintain such Project for the life of such Project;
- b. the financial resources of the Order 1000 Sponsor;
- c. demonstrated capability of the Order 1000 Sponsor to adhere to construction, maintenance, and operating practices consistent with Good Utility Practices with respect to facilities such as the proposed Order 1000 Project;
- d. demonstrated ability of the Order 1000 Sponsor to assume liability for major losses resulting from the failure of or damage to facilities that may be associated with the proposed Order 1000 Project; and
- e. demonstrated cost containment capability and other advantages or disadvantages the Order 1000 Sponsor may have in developing and constructing the proposed Order 1000 Project.

10.2 Opportunity for Voluntary Implementation of Plan of Service

After ColumbiaGrid has selected a Proposed Project as an Order 1000 Project in accordance with section 10.1.2 above of this Appendix A, ColumbiaGrid shall allow six full calendar months and such additional time, if any, as requested by all Order 1000 Sponsors and other Affected Parties with respect to such Project for the Order 1000 Sponsors and other Affected Parties to reach agreement on Project implementation, including responsibility for the funding of such Project. If, after six full calendar months and such additional time, if any, as has been requested by all Order 1000 Sponsors and other Affected Parties with respect to such Project has elapsed, such an agreement has not been reached, ColumbiaGrid shall apply the Order 1000 Cost Allocation Methodology as set forth in section 10.3 below of this Appendix A to such Project.

10.3 Application of Order 1000 Cost Allocation Methodology

Unless the Order 1000 Sponsor(s) requesting Order 1000 Cost Allocation for such Order 1000 Project has timely withdrawn its request for Order 1000 Cost Allocation or agreement has been reached on Project implementation pursuant to section 10.2 above of this Appendix A, ColumbiaGrid shall apply the Order 1000 Cost Allocation Methodology to the Order 1000 Project in accordance with the following.

10.3.1 Order 1000 Project Costs. ColumbiaGrid shall project the costs of such Order 1000 Project. Such projection may be based on information provided by the Order 1000 Sponsor(s), the Study Team, and ColumbiaGrid. In developing such projection, ColumbiaGrid

may also seek the input of others, including third-party experts. ColumbiaGrid shall document the basis for its projection and make supporting information available, to the extent practicable, consistent with any applicable CEII and confidentiality requirements.

10.3.2 Order 1000 Benefits and Beneficiaries. ColumbiaGrid shall identify any Order 1000 Beneficiaries and project the Order 1000 Benefits of each such beneficiary projected as a direct result of such Order 1000 Project.

10.3.2.1 Analytical Tools. Analytical tools used shall, as appropriate, include:

- (i) power flow and stability studies to project the extent, if any, to which any TOPP would avoid costs due to elimination or deferral of planned transmission facility additions;
- (ii) power flow and stability studies to project changes in transfer capability;
and
- (iii) production cost studies to project the estimated usage of any such changes in transfer capability.

Consideration of existing TOPP transmission or interconnection service queue requests may be included in projecting the estimated usage of such changes in transfer capability.

10.3.2.2 Calculation of Order 1000 Benefits. For purposes of calculating Order 1000 Benefits under item (i)a. of section ~~4.37~~1.46 of the body of this Agreement,

- (i) the avoided costs of deferred transmission facilities will be the borrowing costs (*i.e.*, interest costs) projected to be avoided during the Planning Horizon as a result of the deferral of the capital investment of such deferred facilities (rather than the capital costs themselves of such facilities) plus the incremental operations and maintenance costs of such deferred facilities projected to be avoided during the Planning Horizon; and
- (ii) the avoided costs of eliminated transmission facilities during the Planning Horizon will be the portion of the projected avoided depreciation expense of such eliminated facilities that falls within the Planning Horizon plus the projected incremental operation and maintenance costs of such eliminated facilities avoided during the Planning Horizon (such projected avoided depreciation expense shall be determined using straight-line depreciation of the projected capital costs of such eliminated facilities over their depreciable lives).

For purposes of calculating Order 1000 Benefits under item (i)b.1. of section ~~4.37~~1.46 of the body of this Agreement, the projected cost that the TOPP(s) would, but for the Order 1000 Project, have otherwise incurred shall be:

- a. the portion, falling within the Planning Horizon, of the projected depreciation expense of the transmission facilities that, in the absence of the Order 1000 Project, would have been incurred by such TOPP(s) to achieve an increase in capacity on its Transmission System(s) equivalent to that resulting from such Order 1000 Project (such projected depreciation expense shall be determined using straight-line depreciation of the projected capital costs of such facilities over their depreciable lives); plus
- b. the projected incremental operation and maintenance costs of such transmission facilities avoided by such TOPP(s) during the Planning Horizon as a direct result of the Order 1000 Project.

For purposes of section 10.3.3 below of this Appendix A, the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s) shall be equal to the projected capital costs of the Order 1000 Project if it is not an ITP or the Assigned Regional Costs from Interregional Cost Allocation for such Order 1000 Project if it is an ITP.

An increase in capacity of a Transmission System of a TOPP that results from any Order 1000 Project shall be deemed to be owned by such TOPP unless otherwise agreed to in writing by such TOPP.

10.3.3 Cost Allocation. For purposes of the Order 1000 Cost Allocation for an Order 1000 Project, ColumbiaGrid shall allocate the costs of such Order 1000 Project, or, if such Order 1000 Project is an ITP, the Assigned Regional Costs from Interregional Cost Allocation of such ITP, as follows.

10.3.3.1 ColumbiaGrid shall allocate to each Order 1000 Beneficiary that is not an Order 1000 Sponsor an amount of the projected costs of such Order 1000 Project equal to the lesser of:

- (i) such beneficiary's Order 1000 Benefits; or
- (ii) the product of the projected costs of such Order 1000 Project if such Order 1000 Project is not an ITP or, if such Order 1000 Project is an ITP, the Assigned Regional Costs from Interregional Cost Allocation of such ITP, multiplied by a fraction, the numerator of which is equal to such beneficiary's Order 1000 Benefits and the denominator of which is equal to the sum of the following: (1) the sum of the Order 1000 Benefits of all Order 1000 Beneficiaries of such Project that are not an Order 1000 Sponsor of such Project, plus (2) the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s).

Such allocation to each Order 1000 Beneficiary that is not an Order 1000 Sponsor may be algebraically represented as follows:

Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) <u>for any Order 1000 Project that is not an ITP</u>	=	The lesser of: (1) Such Order 1000 Beneficiary's Order 1000 Benefits, or (2) the product of the projected costs of the Order 1000 Project x (such Order 1000 Beneficiary's Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s)))
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<u>Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) for any Order 1000 Project that is an ITP</u>	=	<u>The lesser of:</u> <u>(1) Such Order 1000 Beneficiary's Order 1000 Benefits, or</u> <u>(2) the product of the Assigned Regional Costs from Interregional Cost Allocation of such ITP x (such Order 1000 Beneficiary's Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s)))</u>
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10.3.3.2 ColumbiaGrid shall allocate to the Order 1000 Sponsor(s) in aggregate an amount of the projected costs of such Order 1000 Project if such Order 1000 Project is not an ITP or, if such Order 1000 Project is an ITP, the Assigned Regional Costs from Interregional Cost Allocation of such ITP, equal to the amount, if any, by which ~~the~~ such projected costs or Assigned Regional Costs from Interregional Cost Allocation of such Order 1000 Project exceed the sum of the projected costs of such Order 1000 Project allocated pursuant to section 10.3.3.1 above of this Appendix A to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor.

Such allocation to ~~Order 1000 Beneficiary(ies) that are~~ Order 1000 Sponsor(s) may be algebraically represented as follows:

<p>The sum of the Order 1000 Cost Allocation(s) to the Order 1000 Beneficiary(ies) Sponsor(s) <u>in aggregate for any Order 1000 Project that is not an Order 1000 Sponsor ITP</u></p>	=	<p>The amount, if any, by which: (1) the projected costs of such Order 1000 Project exceed (2) the sum of the projected costs of such Order 1000 Project allocated to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor(s)</p>
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<p><u>The Order 1000 Cost Allocation(s) to the Order 1000 Sponsor(s) (including any Order 1000 Sponsor(s) that is not a TOPP) in aggregate for any Order 1000 Project that is an ITP</u></p>	=	<p><u>The amount, if any, by which: (1) the Assigned Regional Costs from Interregional Cost Allocation of such ITP, exceed (2) the sum of the projected costs of such Order 1000 Project allocated to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor(s)</u></p>
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10.4 Preliminary Order 1000 Cost Allocation Report

The Staff shall document in a draft Preliminary Order 1000 Cost Allocation Report the selection of any Proposed Project as an Order 1000 Project and the results of Staff's application of the Order 1000 Cost Allocation Methodology to such Project.

Subject to any applicable provisions for protection of Confidential Information and CEII, the Staff shall share its draft Preliminary Order 1000 Cost Allocation Report with any TOPPs and ITP Proponents that have been identified in such draft report as Order 1000 Beneficiaries, the Study Team that developed such Proposed Project, and any Interested Person who requests such report, and shall provide an opportunity for written comment for a period of 30 days following the issuance of such draft report. The Staff shall evaluate any written comments and reflect them in a Preliminary Order 1000 Cost Allocation Report as follows:

- (i) if the Staff agrees with any revisions proposed by a potential Order 1000 Beneficiary, Study Team participant, or Interested Person, the Staff shall reflect such revisions in the Preliminary Order 1000 Cost Allocation Report accordingly; and
- (ii) if the Staff disagrees with any revisions proposed by a potential Order 1000 Beneficiary, Study Team participant, or Interested Person, the Staff shall summarize the proposed revisions and document the reason why the Staff did not accept the proposed revisions in the Preliminary Order 1000 Cost Allocation Report.

After the Staff has prepared its Preliminary Order 1000 Cost Allocation Report with respect to an Order 1000 Project, ColumbiaGrid shall allow additional time, if requested by one or more Affected Persons with respect to such Project, for such Affected Persons to reach agreement on Project implementation, including responsibility for the funding of such Project. If after such

additional time, if any, such an agreement has not been reached, the Staff shall include such Preliminary Order 1000 Cost Allocation Report in the Draft Plan.

10.5 Board Approval of Order 1000 Cost Allocation

The Board shall review the Preliminary Order 1000 Cost Allocation Report, including the selection of a Proposed Project as an Order 1000 Project, as part of its adoption of the ~~Biennial~~ Plan and, as set out in section 11.2 below of this Appendix A, the Board shall review the Draft Plan in an open, public process. If such Preliminary Order 1000 Cost Allocation Report is acceptable in its entirety, the Board shall approve and finalize such report as part of its adoption of the ~~Biennial~~ Plan, and the approved and finalized Order 1000 Cost Allocation Report shall be included in such ~~Biennial~~ Plan. Any report not approved by the Board may 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.

11. Process for Adoption of Plans

11.1 Draft Plan

11.1.1 Contents of Draft Plan. The Staff shall prepare a Draft Plan based upon the ColumbiaGrid transmission planning process that contains the following Projects and information.

- (i) Recommended Projects
 - a. EOPs
 - 1. 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; and
 - 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;

2. 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;

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

4. A list of Non-Transmission Alternatives that resulted in a deferral or elimination of an EOP Need;

b. Recommended Requested Service Projects

1. 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;

2. Staff-Recommended Requested ~~Transmission~~Service 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;

3. A list of Non-Transmission Alternatives, if any, that could result in a deferral or elimination of a Requested Service Project; and

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

c. Capacity Increase Projects

1. Recommended Capacity Increase Projects, including an analysis of how any such Project that is proposed to address a Need(s) addresses such Need and a verification that each Recommended Capacity Increase Project does not result in any unmitigated Material Adverse Impacts on any transmission system;

2. Staff-Recommended Capacity Increase Projects, including an analysis of how any such Project that is proposed to address a Need(s) addresses such Need and a verification that each Staff-Recommended Capacity Increase Project does not result in any unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other Staff-recommended elements; *provided further that* the Staff shall also provide for informational purposes the alternative solutions, opinions, and plans of service to such Capacity Increase Projects that were identified and considered in the ColumbiaGrid transmission planning process for possible inclusion in the Draft Plan;

3. Capacity Increase Projects submitted for inclusion in the Draft Plan for informational purposes;

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

5. A list of Non-Transmission Alternatives, if any, that could result in a deferral or elimination of a Capacity Increase Project; and

6. A list of alternative plans of service, if any, that were identified and considered in the ColumbiaGrid transmission planning process for possible inclusion in the Draft Plan;

d. Single System Projects for which the Order 1000 Sponsor has requested a Study Team for Project development;

1. Recommended Single System Projects, including an analysis of how any such Project that is proposed to address a Need(s) addresses such Need and a verification that each Recommended Single System Project does not result in any unmitigated Material Adverse Impacts on any transmission system;

2. Staff-Recommended Single System Projects, including an analysis of how any such Project that is proposed to address a Need(s) addresses such Need and a verification that each Staff-Recommended Single System Project does not result in any unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other Staff-recommended elements; *provided further that* the Staff shall also provide for informational purposes the alternative solutions, opinions, and plans of service to such Single System Projects that were identified and considered in the ColumbiaGrid transmission planning process for possible inclusion in the Draft Plan; and

3. A list of Non-Transmission Alternatives, if any, that could result in a deferral or elimination of a Single System Project;
 - e. Single System Projects submitted for inclusion in the Draft Plan for informational purposes; and
 - f. Expanded Scope Projects; including a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system.
- (ii) Order 1000 Projects and ITPs
 - a. A list of Interregional Transmission Projects;
 - b. ~~a.~~—A list of Order 1000 Projects;
 - b.c. A list of Proposed Project(s) for which Order 1000 Cost Allocation has been requested in accordance with section 10 of this Appendix A but which did not qualify and the deficiencies that precluded its selection as an Order 1000 Project; and
 - e.d. Preliminary Order 1000 Cost Allocation Reports for each Order 1000 Project;
- (iii) System Assessment Report and Need Statements;
- (iv) A list of Study Teams and their participants;
- (v) A review of the current status of all pending Order 1000 Projects that received an Order 1000 Cost Allocation in a prior Plan or Plan Update; and
- (vi) 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 that* 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.

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

11.2 Review Process

The Board shall review the Draft Plan in an open, public process. In doing so, the Board shall make available the ~~draft~~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.

11.3 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 this Agreement, and considering comments and information provided during the review process.

11.4 Plan Adoption

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

11.4.1 Recommended Projects

11.4.1.1 EOPs

11.4.1.1.1 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.

11.4.1.1.2 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 plan of 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 ~~select~~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.

11.4.1.2 Requested Service Projects

11.4.1.2.1 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.

11.4.1.2.2 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.

11.4.1.3 Capacity Increase Projects. With respect to Capacity Increase Projects for which the Project's sponsor has requested a Study Team for Project development:

(i) with respect to Recommended Capacity Increase Projects, the Board shall review and may approve the Study Team's determination that such Capacity Increase Project (a) meets its underlying Need Statement(s) and (b) does not result in any unmitigated Material Adverse Impacts on any transmission system. 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 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 to the WECC regional planning or path rating process; and

(ii) with respect to Staff-Recommended Capacity Increase Projects, the Board shall review and may approve the following with respect to each Staff-Recommended Capacity Increase Project: the Staff determination that it meets its underlying Need Statement(s), its plan of 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 ~~select~~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.

11.4.1.4 Single System Projects. With respect to a Single System Project for which the Order 1000 Sponsor has requested Order 1000 Cost Allocation and a Study Team for Project development:

(i) with respect to Recommended Single System Projects, the Board shall review and may approve the Study Team's determination that such Single System Project (i) meets its underlying Need Statement(s) and (ii) does not impose unmitigated Material Adverse Impacts; and

(ii) with respect to Staff-Recommended Single System Projects, the Board shall review and may approve the following with respect to each Staff-Recommended Single System Project: the Staff determination that it meets its underlying Need Statement(s), its plan of 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 ~~select~~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.

11.4.1.5 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's sponsor(s) or a Study Team). 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.

11.4.1.6 Order 1000 Information. The Board shall include in the Biennial Plan:

- (i) a list of Order 1000 Projects;
- (ii) an Order 1000 Cost Allocation Report for each Order 1000 Project proposed in the current planning cycle; and
- (iii) a determination as to whether each Project that received an Order 1000 Cost Allocation in a prior Plan or Plan Update continues to be expected to meet the underlying Need(s) in a timely manner, and, if not, whether such Project should be removed from the Plan, resulting in loss of its Order 1000 Project status.

11.4.2 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.

11.4.3 Remands. In the event that the Board remands an item to the Staff and a Study Team 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.

11.4.4 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.

11.4.5 Post-Board Approval Project Modifications. In the event that a Project's 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.

11.4.5.1 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.

11.4.5.2 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: (a) withdraw Board approval or acceptance of the Project, (b) address the situation in a subsequent system assessment, (c) start a Study Team to look at alternatives, or (d) bring the Affected Persons together to see if there is interest in having ColumbiaGrid mediate differences.

11.4.5.3 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 11.4.5 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).

12. 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.

13. Order 1000 ITPs and Interregional Cost Allocation

This section 13 sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions.

Nothing in this section 13 will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

Any Interregional Cost Allocation regarding any ITP is solely for the purpose of developing information to be used in the regional planning process of each Relevant Planning Region, including the regional cost allocation process and methodologies of each such Relevant Planning Region.

13.1 This section left intentionally blank

13.2 Annual Interregional Information Exchange

Annually, prior to the Annual Interregional Coordination Meeting, ColumbiaGrid shall make available by posting on its Website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in ColumbiaGrid's transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:
 - (a) identification of base cases;
 - (b) planning study assumptions; and
 - (c) study methodologies;
- (ii) initial study reports (or system assessments); and
- (iii) regional transmission plan

(collectively referred to as "Annual Interregional Information").

ColumbiaGrid shall post its Annual Interregional Information on its Website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process ColumbiaGrid's Annual Interregional Information. ColumbiaGrid may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

ColumbiaGrid is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by ColumbiaGrid in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if ColumbiaGrid reasonably determines that making such information available or otherwise providing such information would constitute a violation of the Commission's Standards of

Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by ColumbiaGrid shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under ColumbiaGrid’s regional transmission planning process. Any Annual Interregional Information made available or otherwise provided by ColumbiaGrid shall be “AS IS” and any reliance by the receiving Planning Region on such Annual Interregional Information is at its own risk, without warranty and without any liability of ColumbiaGrid or any Planning Party in ColumbiaGrid, including any liability for (a) any errors or omissions in such Annual Interregional Information, or (b) any delay or failure to provide such Annual Interregional Information.

13.3 Annual Interregional Coordination Meeting

ColumbiaGrid shall participate in an Annual Interregional Coordination Meeting with the other Planning Regions. ColumbiaGrid shall host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31st. The Annual Interregional Coordination Meeting is to be open to stakeholders. ColumbiaGrid shall provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

- (i) each Planning Region’s most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);
- (ii) identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and
- (iii) updates of the status of ITPs being evaluated or previously included in ColumbiaGrid’s regional transmission plan.

13.4 ITP Joint Evaluation Process

13.4.1 Submission Requirements

A proponent of an ITP may seek to have its ITP jointly evaluated by the Relevant Planning Regions pursuant to section 13.4.2 of this Appendix A by submitting the ITP into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region’s regional transmission planning process and no later than March 31st of any even-numbered calendar year. Such proponent of an ITP seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the ITP to each such Planning Region in accordance with such Planning Region’s regional transmission planning process. In addition to satisfying each Relevant Planning Region’s

information requirements, the proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the ITP is being submitted.

13.4.2 Joint Evaluation of an ITP

For each ITP that meets the requirements of section 13.4.1 of this Appendix A, ColumbiaGrid (if it is a Relevant Planning Region) is to participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the ITP's submittal in accordance with section 13.4.1 of this Appendix A or the immediately following calendar year. With respect to any such ITP, ColumbiaGrid (if it is a Relevant Planning Region) is to confer with the other Relevant Planning Region(s) regarding the following:

- (i) ITP data and projected ITP costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the ITP pursuant to its regional transmission planning process.

For each ITP that meets the requirements of section 13.4.1 of this Appendix A, ColumbiaGrid (if it is a Relevant Planning Region):

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect ColumbiaGrid's evaluation of the ITP;
- (b) is to provide stakeholders an opportunity to participate in ColumbiaGrid's activities under this section 13.4.2 of this Appendix A in accordance with its regional transmission planning process;
- (c) is to notify the other Relevant Planning Regions if ColumbiaGrid determines that the ITP will not meet any of its regional transmission needs; thereafter ColumbiaGrid has no obligation under this section 13.4.2 of this Appendix A to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of ColumbiaGrid's regional transmission needs.

13.5 Interregional Cost Allocation Process

13.5.1 Submission Requirements

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with section 13.4.1 of this Appendix A, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from ColumbiaGrid and each other Relevant Planning Region in accordance with its regional

transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

13.5.2 Interregional Cost Allocation Process

For each ITP that meets the requirements of section 13.5.1 of this Appendix A, ColumbiaGrid (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to ITPs;
- (ii) ColumbiaGrid's regional benefits stated in dollars resulting from the ITP, if any; and
- (iii) assignment of projected costs of the ITP (subject to potential reassignment of projected costs pursuant to section 13.6.2 of this Appendix A below) to each Relevant Planning Region using the methodology described in this section 13.5.2 of this Appendix A.

For each ITP that meets the requirements of section 13.5.1 of this Appendix A, ColumbiaGrid (if it is a Relevant Planning Region):

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect ColumbiaGrid's analysis;
- (b) is to provide stakeholders an opportunity to participate in ColumbiaGrid's activities under this section 13.5.2 of this Appendix A in accordance with its regional transmission planning process;
- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in ColumbiaGrid, ColumbiaGrid shall use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; ColumbiaGrid may use such information to identify its total share of the projected costs of the ITP to be assigned to ColumbiaGrid in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in ColumbiaGrid;

- (f) is to determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to this section 13.5.2 of this Appendix A in the same general time frame as its joint evaluation activities pursuant to section 13.4.2 of this Appendix A.

13.6 Application of Regional Cost Allocation Methodology to Selected ITP

13.6.1 Selection by All Relevant Planning Regions

If ColumbiaGrid (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, ColumbiaGrid shall apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under sections 13.5.2(d) or 13.5.2(e) of this Appendix A above in accordance with its regional cost allocation methodology, as applied to ITPs.

13.6.2 Selection by at Least Two but Fewer than All Relevant Regions

If ColumbiaGrid (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, ColumbiaGrid shall evaluate (or reevaluate, as the case may be) pursuant to sections 13.5.2(d), 13.5.2(e), and 13.5.2(f) of this Appendix A above whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the ITP remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of ColumbiaGrid and at least one other Relevant Planning Region, ColumbiaGrid shall apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under sections 13.5.2(d) or 13.5.2(e) of this Appendix A above in accordance with its regional cost allocation methodology, as applied to ITPs.

Section 14. Order 1000 ITPs, Joint Evaluation, and Interregional Cost Allocation

14.1 ITP Agreement

Any Person that seeks to submit an ITP for joint evaluation pursuant to section 13.4 of this Appendix A or seeks to request Interregional Cost Allocation pursuant to section 13.5 of this Appendix A must either be a Planning Party or must enter into an ITP Agreement with ColumbiaGrid, which ITP Agreement shall be substantially in the form attached to this Agreement as Appendix C.

14.2 Submission for Joint Evaluation

Submission of an ITP into the ColumbiaGrid regional transmission planning process in accordance with section 13.4.1 of this Appendix A is to be accomplished as set forth in this section 14.2. This section 14.2 shall not apply to any ITP for which ColumbiaGrid is not a Relevant Planning Region.

A TOPP or an ITP Proponent of an ITP may seek to have its ITP evaluated in the Order 1000 ColumbiaGrid Planning Region pursuant to section 13.4.2 of this Appendix A by submitting a written request for such evaluation to ColumbiaGrid; *provided that* ColumbiaGrid shall deem such written request properly submitted to ColumbiaGrid only if, and at such time as, ColumbiaGrid receives the written request and: (1) such written request specifically references section 13.4 of this Appendix A, and (2) such written request includes a list of all other Planning Regions to which the ITP is being submitted for joint evaluation.

ColumbiaGrid shall seek to confirm with each other Relevant Planning Region that such TOPP or ITP Proponent has submitted such ITP for evaluation into the regional transmission planning process of each other Relevant Planning Region in accordance with the regional transmission planning process of such Relevant Planning Region(s). In the event that ColumbiaGrid is unable to confirm that the TOPP or ITP Proponent has submitted its ITP for evaluation into the regional transmission planning process of each other Relevant Planning Region in accordance with the regional transmission planning process of such Relevant Planning Region(s), ColumbiaGrid shall notify the TOPP or ITP Proponent in writing, and the TOPP or ITP Proponent shall have 30 days from the date of such notice to provide ColumbiaGrid evidence, reasonably acceptable to ColumbiaGrid, that the TOPP or ITP Proponent has timely submitted its ITP for evaluation to each other Relevant Planning Region(s) as required by this section 14.2. If a TOPP or ITP Proponent fails to provide such evidence, the TOPP's or ITP Proponent's ITP shall be deemed withdrawn and shall not be eligible for evaluation pursuant to section 13.4.2 of this Appendix A.

Prior to commencing the joint evaluation of an ITP pursuant to section 13.4.2 of this Appendix A, ColumbiaGrid shall require an ITP Proponent that is seeking such evaluation of an ITP to submit to ColumbiaGrid information in accordance with section 10.1.2.1(ii)b. of this Appendix A, which shall, to the extent permitted by law, include a copy of all ITP data being submitted by the TOPP or an ITP Proponent to any of the other Relevant Planning Regions for such ITP. A TOPP seeking evaluation of an ITP pursuant to section 13.4.2 of this Appendix A shall submit to ColumbiaGrid the information required by this paragraph.

14.3 Joint Evaluation Implementation

For purposes of ColumbiaGrid's evaluation of an ITP pursuant to section 13.4.2 of this Appendix A,

- (i) development of such ITP shall be through a Study Team; and

- (ii) evaluation of such ITP in the ColumbiaGrid regional transmission planning process for purposes of section 13.4.2 of this Appendix A shall be through the development and evaluation of such ITP as a Proposed Project through the ColumbiaGrid regional planning process under this Agreement.

Upon receipt of a properly submitted request for such evaluation pursuant to sections 13.4.1 and 14.2 of this Appendix A, ColumbiaGrid will convene a Study Team (or refer such ITP to an existing Study Team) for development of such ITP. With respect to an ITP, the TOPP(s) or ITP Proponent(s) that submitted the ITP is to assume primary responsibility for leading and performing necessary analytical work for such ITP in the Study Team.

14.4 Interregional Cost Allocation Process

For each ITP that meets the requirements of sections 13.5.1 and 14.2 of this Appendix A and for which Interregional Cost Allocation for such ITP has been timely requested pursuant to section 10.1 of this Appendix A, ColumbiaGrid (if and so long as it is a Relevant Planning Region) shall:

- (i) pursuant to item (c) of section 13.5.2 of this Appendix A, determine the amount, if any, of Regional Benefits for Purposes of Interregional Cost Allocation resulting from such ITP;
- (ii) pursuant to section 13.5.2(ii) of this Appendix A, notify each of the other Relevant Planning Regions with respect to such ITP of the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP so determined;
- (iii) pursuant to item (d) of section 13.5.2 of this Appendix A, calculate ColumbiaGrid's assigned *pro rata* share of the projected costs of such ITP (such share also referred to as Assigned Regional Costs from Interregional Cost Allocation), which share shall be equal to the product of the projected costs of such ITP multiplied by a fraction, the numerator of which shall be the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP determined pursuant to item (i) above and the denominator of which shall be the sum of (A) the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP determined pursuant to item (i) above and (B) the sum of the regional benefits of each other Relevant Planning Region as calculated with respect to such ITP by such other Relevant Planning Region in accordance with its regional transmission planning process and provided to ColumbiaGrid by such other Relevant Planning Region;

- (iv) determine what its regional cost allocation would be if ColumbiaGrid were to select the ITP as an Order 1000 Project in its Plan by performing a preliminary determination of:
- a. the Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) should such ITP be selected as an Order 1000 Project, using the methodology with respect to an ITP in section 10.3.3.1 of this Appendix A, and
 - b. the sum of the Order 1000 Cost Allocation(s) to the Order 1000 Beneficiary(ies) that is an Order 1000 Sponsor(s) should such ITP be selected as an Order 1000 Project, using the methodology with respect to an ITP in section 10.3.3.2 of this Appendix A.

Pursuant to item (e) of section 13.5.2 of this Appendix A, ColumbiaGrid shall share the above determinations with the other Relevant Planning Regions with regard to such ITP.

- (v) If ColumbiaGrid receives information from one or more other Relevant Planning Regions regarding what such Relevant Planning Region's regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, ColumbiaGrid may use such information to identify its total share of the projected costs of the ITP to be assigned to ColumbiaGrid (such total share also referred to as Total Regional Costs from Interregional Cost Allocation) in order to determine, pursuant to section 14.5 of this Appendix A, whether to select the ITP as an Order 1000 Project.

For purposes of Interregional Cost Allocation, the projected costs of any ITP will include the projected costs required as a result of such ITP, if any, that (I) relate to transmission facilities outside any Relevant Planning Region and (II) all transmission providers in the Relevant Planning Regions that are beneficiaries of such ITP agree, in writing with all other beneficiaries, to bear.

Determinations and other activities pursuant to items (iii), (iv), and (v) of this section 14.4 may be reperformed as a result of application of section 13.6.2 of this Appendix A.

14.5 Determination of Whether to Select the ITP in ColumbiaGrid Regional Transmission Plan for Purposes of Interregional Cost Allocation

For each ITP that meets the requirements of sections 13.5.1 and 14.2 of this Appendix A and for which Interregional Cost Allocation for such ITP has been timely requested by a TOPP or ITP Proponent pursuant to section 10.1 of this Appendix A, ColumbiaGrid (if and so long as it is a Relevant Planning Region) shall, as required by section 13.5.2(f) of this Appendix A, determine whether to select the ITP as an Order 1000 Project in accordance with section 10.1 of this

Appendix A, based on its regional transmission planning process and taking into account the Total Regional Costs from Interregional Cost Allocation.

Determinations pursuant to this section 14.5 may be reperformed as a result of application of section 13.6.2 of this Appendix A.

14.6 Implementation of Application of Regional Cost Allocation Methodology to Selected ITP

For any ITP for which ColumbiaGrid is to apply its regional cost allocation methodology pursuant to section 13.6.1 or 13.6.2 of this Appendix A, ColumbiaGrid shall apply its regional cost allocation methodology (Order 1000 Cost Allocation Methodology) by determining:

- i. the Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) of such ITP, using the methodology with respect to an ITP in section 10.3.3.1 of this Appendix A, and
- ii. the sum of the Order 1000 Cost Allocation(s) to the Order 1000 Sponsor(s) of such ITP, using the methodology with respect to an ITP in section 10.3.3.2 of this Appendix A.

Any amounts associated with the information ColumbiaGrid receives as described in item (e) of section 13.5.2 of this Appendix A and item (v) of section 14.4 of this Appendix A are not included in the amounts allocated pursuant to section 10.3.3.2 of this Appendix A.

APPENDIX B

PRO FORMA

FACILITIES AGREEMENT

FOR

[Insert name of EOP] EOP

AMONG

COLUMBIAGRID

AND

[Insert name(s) of Designated Person(s)]

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FACILITIES AGREEMENT

This FACILITIES AGREEMENT (“Agreement”) is entered into as of *[insert date of Facilities Agreement]*, by and among ColumbiaGrid, a Washington non-profit corporation, and *[insert each Designated Person]* (individually referred to as “Party” and in the plural referred to as “Parties”).

RECITALS

A. The Board of Directors of ColumbiaGrid, a Washington state non-profit corporation, on *[insert date of Plan approving underlying EOP]* approved an Existing Obligation Project (the “*[insert name of EOP]* EOP”) pursuant to the ColumbiaGrid Planning and Expansion Functional Agreement (as it may be amended from time to time, “Planning Agreement”).

B. The *[insert name of EOP]* EOP is generally comprised of the following on the transmission system(s) of the following and is more particularly described in Exhibit A (Plan of Service): *[Insert general description of each involved transmission system and facilities to be installed]*.

C. The *[insert name of EOP]* EOP was approved by the Board to address the following Need(s) as identified by ColumbiaGrid pursuant to the Planning Agreement: *[Insert brief description of Need(s) and reference the Biennial Plan or Plan Update that includes the Needs Statement that resulted in the underlying EOP]*.

D. The Parties are ColumbiaGrid and the Designated Persons, as determined by ColumbiaGrid pursuant to the Planning Agreement, for the *[insert name of EOP]* EOP.

E. The Parties are entering into this Agreement to address: (1) the coordination of pre-construction activities, including environmental, budgetary, and regulatory processes, (2) the responsibility for planning, designing, siting, construction, payment and ownership for the *[insert name of EOP]* EOP facilities, and (3) allocation of any incremental transmission capacity resulting from the *[insert name of EOP]* EOP.

F. Pursuant to the foregoing, ColumbiaGrid has tendered this Agreement to the other Parties, and all Parties agree as follows:

AGREEMENT

1. Definitions

All capitalized terms not defined in this Agreement shall have the meanings given to such terms in the Planning Agreement.

1.1 “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.

1.2 “Allocated Cost Maximum” means for each Paying Party with respect to the Cost of any Work an amount equal to (i) its Allocated Share of the Cost Maximum for such Work, as set forth in Exhibit D plus (ii) any additional amount of Cost for such Work for which such Paying Party agrees to assume responsibility pursuant to sections 9.1.2, 10.2, or 12.

1.3 “Allocated Share” means for each Paying Party with respect to the Cost of any Work an amount equal to its share or portion of the Cost of such Work, as set forth in Exhibit D.

1.4 “Arbitrating Party” has the meaning given such term in section 17.2.

1.5 “Assuming Party” has the meaning given such term in section 10.2.

1.6 “Board” means the Board of Directors of ColumbiaGrid.

1.7 “Breaching Party” has the meaning given such term in section 15.1.

1.8 “Constructing Party” means, with respect to each facility comprising the Plan of Service, each Party responsible for performance of Work with respect to such facility as specified in Exhibit B.

1.9 “Cost” means, with respect to Work by each Constructing Party: (i) the direct costs reasonably and necessarily incurred and paid by such Constructing Party in the performance of such Work, (ii) overhead reasonably allocable to such Work, and (iii) Interest on such direct costs from the later to occur of the date of this Agreement or the date of payment by the Constructing Party of such direct costs and continuing until the date of invoicing of the Paying Party(ies) for such direct costs.

1.10 “Cost Maximum” means, with respect to the performance of Work on each of the facilities in the Plan of Service by a Constructing Party, the estimated cost of such Work plus a reasonable contingency, all as set forth in Exhibit B. *[Insert in Exhibit B the amount of the estimate by each Constructing Party of the Cost of the Work it is to perform plus a reasonable contingency; provided that such amount in Exhibit B may differ from Constructing Party’s estimate of the Cost of such Work (plus a reasonable contingency) and instead equal ColumbiaGrid’s estimate of the Cost of such Work (plus a reasonable contingency) if (i) ColumbiaGrid determines for good cause at the time it offers and enters into this Agreement to adopt for this Agreement its estimate rather than the Constructing Party’s or the Constructing*

Party has not then provided an estimate of Cost (plus a reasonable contingency) for use by ColumbiaGrid as the Cost Maximum in Exhibit B and (ii) ColumbiaGrid provides a written explanation to all Parties of such good cause, the basis for any such determination and the basis for ColumbiaGrid's estimate of the Cost of such Work.]

1.11 “Cure” has the meaning given such term in section 10.1.

1.12 “Defaulting Paying Party” has the meaning given such term in section 10.1.

1.13 “Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the Pacific Northwest.

1.14 “Interest” means interest 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.

1.15 “Liquidated Damages” means compensation as specified in section 15 for expenses ColumbiaGrid would not have incurred but for a Party's breach and which is not a penalty.

1.16 “Milestones” mean, with respect to Work by each Constructing Party, the schedule for specific major milestone events that must occur in order for each facility in the Plan of Service with respect to such Work to be completed and placed in commercial operation, which Milestones are set forth in Exhibit C. *[Insert in Exhibit C each Constructing Party's estimated dates for its achievement of the Milestones for its Work consistent with the completion and commencement of commercial operation of the [insert name of EOP] EOP by the Target Date; provided that such dates in Exhibit C for such achievement may differ from the Constructing Party's estimated dates and instead equal ColumbiaGrid's estimated dates for such achievement if (i) ColumbiaGrid determines for good cause at the time it offers and enters into this Agreement to adopt for this Agreement its estimated dates rather than the Constructing Party's or the Constructing Party has not then provided estimated dates for such achievement for Exhibit C and (ii) ColumbiaGrid provides a written explanation to all Parties of such good cause, the basis for any such determination and the basis for ColumbiaGrid's estimated dates for such achievement.]*

1.17 “Need” means, for purposes of this Agreement, each Need identified by ColumbiaGrid pursuant to the Planning Agreement that the Board determined would be addressed by the *[insert name of EOP] EOP*.

1.18 “Notice of Default” has the meaning given such term in section 10.1.

1.19 “Notice of Election” has the meaning given such term in section 10.3.

1.20 “Notice of Rejection” has the meaning given such term in section 9.2.

1.21 “Notice Regarding Assumption” has the meaning given such term in section 10.1.

1.22 “Paying Party” means, with respect to Work on each facility comprising the Plan of Service, each Party specified in Exhibit D as responsible for (i) paying to the Constructing Party such Paying Party’s Allocated Share of such Constructing Party’s Cost of such Work or (ii) bearing such Paying Party’s Allocated Share of such Cost, if the Paying Party with respect to such Work is also the Constructing Party for such Work. Paying Party with respect to Work also includes any Party that elects to be a Paying Party pursuant to sections 9.2, 10.2, or 12 with respect to such Work.

1.23 “Payment Schedule” means, with respect to Work by each Constructing Party, the estimated schedule set forth in Exhibit E for payment of the Cost of such Work. *[Insert in Exhibit E each Constructing Party’s estimated payment schedule; provided that any such estimated schedule in Exhibit E may differ from the Constructing Party’s estimated payment schedule and instead equal ColumbiaGrid’s estimate of the payment schedule if (i) ColumbiaGrid determines for good cause at the time it offers and enters into this Agreement to adopt for this Agreement its estimate of the payment schedule rather than the Constructing Party’s or the Constructing Party has not then provided an estimated payment schedule and (ii) ColumbiaGrid provides a written explanation to all Parties of such good cause, the basis for any such determination and the basis for ColumbiaGrid’s estimate of the payment schedule.]*

1.24 “Plan of Service” means the technical modifications to the Regional Interconnected Systems to be effected by the *[insert name of EOP]* EOP and is set forth in Exhibit A.

1.25 “Target Date” means the date scheduled for completion and commercial operation of the *[insert name of EOP]* EOP.

1.26 “Termination Cost” means, with respect to termination and wind-up of Work pursuant to this Agreement by the Constructing Party for such Work, (i) the direct costs (net of salvage) reasonably and necessarily incurred and paid by such Constructing Party in the termination and wind-up of such Work, (ii) overhead reasonably allocable to the termination and wind-up of such Work, and (iii) Interest on such direct costs from the later to occur of the date of this Agreement or the date of payment by the Constructing Party of such direct costs and continuing until the date of invoicing of the Paying Party(ies) for such direct costs.

1.27 “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 of any 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.

1.28 “WECC Path Rating Process” means the process described by the document published by the Western Electricity Coordinating Council, or its successor, titled Overview of Policies and Procedures for Regional Planning Project Review, Project Rating Review, and Progress Reports, as it may be amended or replaced.

1.29 “Withdrawal Fee” has the meaning given such term in section 12.

1.30 “Work” means the work necessary and appropriate to design, permit, site, procure, construct, and place into commercial operation each facility comprising the Plan of Service; *provided that* Work may be limited to environmental review pursuant to section 3.2.1.

2. Term

This Agreement shall become effective on the date when all Parties have executed and delivered this Agreement and shall continue in effect until such time as the Work on the facilities comprising the *[insert name of EOP]* EOP and listed in Exhibit B is completed and placed in commercial operation or terminated pursuant to this Agreement. All obligations and liabilities accrued under this Agreement through such completion and placement in commercial operation or through such termination are hereby preserved until satisfied.

3. Exhibits

3.1 The following Exhibits are attached and made a part of this Agreement as if fully set forth in this Agreement:

(i) Exhibit A, which is the Plan of Service;

(ii) Exhibit B, which lists each of the facilities comprising the Plan of Service and the Work to be performed with respect to each such facility, identifies each Party responsible for performance of such Work with respect to each such facility, the Cost Maximum with respect to such Work on each such facility, and the ownership share of any Party in each such facility;

(iii) Exhibit C, which sets forth the Milestones for the performance of the Work with respect to each facility comprising the Plan of Service and the scheduled dates for the achievement of such Milestones;

(iv) Exhibit D, which sets forth each Paying Party's (i) Allocated Share of the Cost of Work (subject to such Paying Party's Allocated Cost Maximum for such Work) and (ii) Allocated Cost Maximum with respect to such Work; *[insert in Exhibit D each Paying Party(ies)'s respective Allocated Share and Allocated Cost Maximum for Work and either (i) each Paying Party(ies)'s respective*

Allocated Share percentage(s) responsibility for paying (or bearing) the Cost of such Work (subject to the Cost Maximum) with respect to Work to be performed with respect to each of the facilities comprising the Plan of Service or (ii) such other methodology specified in such exhibit for determining each Paying Party(ies)'s respective Allocated Share responsibility for paying (or bearing) the Cost (subject to its Allocated Cost Maximum) with respect to Work to be performed with respect to each of the facilities comprising the Plan of Service];

(v) Exhibit E, which sets forth the estimated Payment Schedule, if any, for performance of Work and identifies the payor Paying Party, the payee Constructing Party, and the estimated amounts and dates of payment; and

(vi) Exhibit F, which sets forth the amount, location, and owner of transmission capacity, if any, added or maintained by the [insert name of EOP] EOP, which transmission capacity is allocated as shown in Exhibit F. Unless otherwise set forth in Exhibit F, the Party that is the owner of the Transmission System that is expanded by any of the facilities comprising the Plan of Service will be the owner of additional transmission capacity, if any, which is added or maintained as a result of such facilities.

3.2 Sequencing of Work for Environmental Review

3.2.1. If any Constructing Party(ies) or Paying Party(ies) has determined that it is obligated to conduct an environmental review before deciding to construct or pay for any portion of [insert name of EOP] EOP, such Constructing Party or Paying Party, as applicable, may provide to ColumbiaGrid a Cost estimate under section 1.10, Milestones under section 1.16, and a Payment Schedule under section 1.23, that describes Work, schedules for performance of, and payments for Work only through such environmental review. In such case, ColumbiaGrid shall include a Cost estimate, Milestones, and Payment Schedule in initial Exhibits B, C, and E to this Agreement that cover only environmental review Work. The Paying Party(ies) or Constructing Party(ies) that are not doing such environmental review phase of the Work shall not be obligated to (i) perform any Work, or (ii) pay any Cost for procurement of equipment or any Work other than environmental review phase of the Work, unless and until the environmental review Work has been successfully completed by all Constructing or Paying Parties performing such environmental review phase of the Work, and this Agreement has been amended pursuant to section 3.2.2.

3.2.2 Upon completion by any Constructing Party(ies) or Paying Party(ies) of any necessary environmental review phase of the Work in connection with the [insert name of EOP] EOP pursuant to section 3.2.1, such Constructing Party(ies) or Paying Party(ies) shall submit to ColumbiaGrid pursuant to section 10.4.5 of Appendix A to the Planning Agreement any proposed modifications to the [insert name of EOP] EOP that such Party determines are necessary based on such environmental review and shall provide ColumbiaGrid a Cost estimate, Milestones, and Payment Schedule for the remainder of the Work on the [insert name of EOP] EOP consistent with the proposed modifications. ColumbiaGrid shall consider such proposed

modifications pursuant to section 10.4.5 of Appendix A to the Planning Agreement, and the further Cost estimate, Milestones, and Payment Schedule pursuant to sections 1.10, 1.16, and 1.23 of this Agreement, and shall offer any revised Exhibits as amendments to this Agreement that ColumbiaGrid determines are appropriate in light of such consideration and that are completed consistent with the instructions in the pro forma Facilities Agreement for completion of such Exhibits.

4. Responsibility for Performance of Work

4.1 Subject to the provisions of this Agreement, each Constructing Party shall perform the Work identified in Exhibit B as to be performed by such Constructing Party consistent with Good Utility Practice, making reasonable efforts to perform such Work in accordance with the Milestone scheduled dates therefor in Exhibit C and to complete and place into commercial operation such Work by the Target Date. Unless otherwise set forth in Exhibit B, the Party specified as the owner of each facility comprising the Plan of Service shall be responsible for performing the Work with respect to such facility. Each Constructing Party shall make reasonable efforts to coordinate performance of its respective obligations under this Agreement so as to facilitate completion of the Work and commencement of the commercial operation of the *[insert name of EOP]* EOP by the Target Date. Each Constructing Party shall report in writing quarterly (or monthly if requested by a Party) during the performance of its Work to each of the other Parties progress in the performance of such Work and the anticipated Cost and anticipated time to complete and place into commercial operation such Work.

4.2 Any Constructing Party may enter into contract(s) with contractor(s) or vendor(s) for performance of Work required by this Agreement to be performed by such Constructing Party, but no such contract(s) shall relieve such Constructing Party of any of its obligations under this Agreement. ColumbiaGrid shall not be a party to any such contract(s), nor shall ColumbiaGrid accept any third-party rights of any kind from or under any such contract(s).

5. Ownership

The Party that is the owner of the transmission system upon which any of the facilities comprising the Plan of Service are being added or upgraded will be the owner of such facilities unless otherwise set forth in Exhibit B. 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.

6. Cost Responsibility

6.1 Unless otherwise set forth in Exhibit D, (i) any Paying Party with respect to any Work for which such Paying Party is not also the Constructing Party for such Work shall reimburse such Constructing Party for such Paying Party’s Allocated Share of the Cost incurred by such Constructing Party in the performance of such Work within thirty (30) days after the Constructing Party has incurred such Cost and has submitted an invoice therefor to such Paying Party and (ii) any Paying Party with respect to any Work for which such Paying Party is also the

Constructing Party for such Work shall bear its Allocated Share of the Cost incurred by such Constructing Party in the performance of such Work. The due date for the payment of any such invoice shall not be earlier than the date the Constructing Party is obligated to pay such Cost. A Paying Party's obligation to make payments of (or bear) Cost with respect to any Work shall in

the aggregate not exceed (i) its Allocated Cost Maximum for such Work plus (ii) in the event the Constructing Party terminates such Work pursuant to section 9.4, 10.3, or 12, such Paying Party's share, if any, as specified in such section, of the Termination Cost for such Work.

6.2 Any Constructing Party that, as part of its Work, is to procure equipment that has a purchase price greater than \$500,000 and that either is specially engineered or has a long lead time, shall have the right to require the Paying Party(ies) with respect to payment for such equipment as Cost to make an assurance of payment of its Allocated Share of the purchase price to the vendor of such engineered equipment (including but not limited to posting a letter of credit with such vendor) sufficient to permit the vendor to rely solely on the credit of such Paying Party(ies) in lieu of the credit of the Constructing Party for payment of such purchase price.

6.3 If a Paying Party questions or disputes an invoice or any items on an invoice, it shall nevertheless pay such invoice within the thirty (30) day time period stated in section 6.1 and shall notify the Constructing Party in writing of the basis of the question or dispute. The Constructing Party shall respond to the Paying Party in writing as soon as reasonably practicable, but in no event later than in the accounting provided for in section 6.4.

6.4 Within a reasonable time after completion of the Work specified in Exhibit B to be performed by a Constructing Party, such Constructing Party shall make a full accounting in regard to such Work to each Paying Party for such Work. Such accounting shall show expenditures, adjustments for salvage, and any difference between (i) Cost reasonably and necessarily incurred and paid in the performance of such Work and (ii) payments made (or Cost borne) by each Paying Party with respect to such Work. The Constructing Party shall provide a copy of the accounting to all other Parties. Promptly after such accounting, the Constructing Party shall remit to the Paying Party any credit balance, and the Paying Party shall promptly after such accounting pay to the Constructing Party any debit balance.

6.5 If a Paying Party questions or disputes any item in the accounting, it shall nevertheless pay any debit balance and notify the Constructing Party in writing of its question or dispute within ten (10) days of its receipt of the accounting. The Constructing Party and the Paying Party shall promptly commence good faith negotiations to resolve the question or dispute within twenty (20) days following such notification. If the Parties are unable to negotiate a resolution, the Paying Party may request an audit as provided in section 6.6.

6.6 Within thirty (30) days after receipt of the accounting provided pursuant to section 6.3, any Paying Party shall have the right, at its expense, to request a review or audit of the Constructing Party's books, records, and documents that directly pertain to the Cost and invoices for Cost of Work for which such Paying Party has an Allocated Share pursuant to Exhibit D. Any review or audit shall be undertaken upon reasonable notice and in accordance with generally accepted auditing standards. The Paying Party shall notify the Constructing Party promptly of any exception taken as a result of the review or audit and the disputing Parties shall promptly commence good faith negotiations to resolve the dispute. If the Paying Party and Constructing Party agree on any exception, the Constructing Party shall refund to the Paying Party any credit amount due to Paying Party resulting from such exception within thirty (30) days of such agreement (and Paying Party shall pay to the Constructing Party any debit amount

due to Constructing Party resulting from such exception within thirty (30) days of such agreement).

6.7 If the Paying Party and Constructing Party fail to agree on an exception taken as a result of the review or audit, either of such Parties may initiate informal dispute resolution pursuant to section 17 and, if the dispute over the exception is not resolved by such informal dispute resolution process, may initiate arbitration with respect to any factual issues by arbitration pursuant to section 17 or other appropriate proceedings with respect to any other issues; *provided* that any such informal dispute resolution and arbitration must be commenced within sixty (60) days of receipt of the report from the auditor.

6.8 Any Paying Party with respect to any Work requesting a review or audit pursuant to section 6.6 shall provide all other Paying Parties with respect to such Work, if any, the opportunity to participate in and share (in proportion to their respective Allocated Shares of the Cost of such Work) the expense of the review or audit and informal dispute resolution and arbitration of any exceptions taken individually or jointly with other Paying Parties with respect to such Work in order to reduce duplication of effort and to endeavor to avoid inconsistent determinations between or among various Parties with respect to the Cost of such Work. Any Paying Party with respect to any Work that declines to participate in and share the costs of the review or audit or informal dispute resolution and arbitration with respect to the Cost of such Work may not request a separate review or audit or informal dispute resolution and arbitration with respect to such Cost.

6.9 Interest on Late Payment

Any invoice not paid when due by a Paying Party shall bear Interest from the date such amount was due until the date of payment.

6.10 Termination and Wind-up

6.10.1 In the event that a Constructing Party terminates Work pursuant to section 9.4, each Paying Party shall reimburse the Constructing Party for such Paying Party's Allocated Share of any Termination Cost of such Work within thirty (30) days after the Constructing Party has incurred such Termination Cost and has submitted an invoice therefor to such Paying Party (or, if the Paying Party is also the Constructing Party with respect to such Work, shall bear its Allocated Share of any Termination Cost of such Work). In the event that a Constructing Party terminates Work pursuant to section 10.3 or 12 (as a result of a Paying Party defaulting under section 10 or a Withdrawing Paying Party withdrawing under section 12), the Defaulting Paying Party or Withdrawing Paying Party as the case may be shall reimburse the Constructing Party for 100% of any Termination Cost of such Work within thirty (30) days after the Constructing Party has incurred such Termination Cost and has submitted an invoice therefor to such Paying Party (or, if the defaulting Paying Party or Withdrawing Paying Party as the case may be is also the Constructing Party with respect to such Work, shall bear 100% of any Termination Cost of such Work).

6.10.2 If any Paying Party disputes any Termination Cost as invoiced by the Constructing Party, any such Paying Party or such Constructing Party may initiate informal dispute resolution pursuant to section 17 and, if the dispute over the Termination Cost is not resolved by such informal dispute resolution process, may initiate arbitration with respect to any factual issues by arbitration pursuant to section 17 or other appropriate proceedings with respect to any other issues; *provided that* any such informal dispute resolution and arbitration must be commenced within sixty (60) days of receipt of an invoice for such Termination Cost.

6.10.3 In the event a termination of Work pursuant to this Agreement results in a dispute between the Constructing Party and a contractor or vendor, the Constructing Party shall not settle such contractor's or vendor's claim (if and to the extent the cost of such settlement would constitute Termination Cost) without the written consent of any Paying Party(ies) with respect to such Termination Cost, which consent shall not be unreasonably withheld.

7. Transfer Capability

7.1 Ownership and use of any transmission capacity that is

- (i) added or maintained as a result of the *[insert name of EOP]* EOP, and
- (ii) added or maintained on the transmission system of a Party as a result of any of the facilities comprising the Plan of Service, but
- (iii) specified in Exhibit F as to be owned by another Party,

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 this Agreement; *provided that* in the absence of such a capacity agreement, the use of any additional capacity that is

- (i) added or maintained as a result of the *[insert name of EOP]* EOP, and
- (ii) added or maintained on the transmission system of a Party as a result of any of the facilities comprising the Plan of Service, but
- (iii) specified in Exhibit F as to be owned by another Party,

shall be governed by a transmission agreement between such Parties.

7.2 It is anticipated that *[insert name of EOP]* EOP may have gone through the WECC Path Rating process during its development under the Planning Agreement. If it has not, the Parties shall cooperate in a review, if appropriate, of the *[insert name of EOP]* EOP under the WECC Path Rating Process and a determination, if appropriate, under such process of additional transmission capacity, if any, that is created as a result of the *[insert name of EOP]* EOP. Unless otherwise set forth in Exhibit F, the Parties agree that the amount of additional transmission

capacity, if any, which is created as a result of the *[insert name of EOP]* EOP and that is allocated in Exhibit F shall be consistent with any such determination under such process of the amount of such additional transmission capacity.

8. Revisions in Work by Constructing Party

8.1 Each Constructing Party shall promptly provide each of the other Parties an opportunity to comment on proposed revisions to estimated Cost and proposed construction schedules stated in the Exhibits to this Agreement whenever the Constructing Party determines that it may deviate from such estimated Cost or construction schedules. No Party that receives any such proposed revisions to estimated Cost or proposed construction schedules shall have any obligation under this Agreement to review or comment thereon. Any such review or comment (or delay or failure to review or comment) thereon by any of such receiving Party shall not relieve such Constructing Party of any obligation under this Agreement or otherwise.

8.2 No revisions (or proposed revisions) pursuant to section 8.1 by a Constructing Party to estimated Cost or proposed construction schedules shall amend any Exhibit or any other provision of this Agreement or the respective obligations of the Parties under this Agreement: *provided that* the Allocated Cost Maximum of a Party may be increased as provided in and pursuant to section 9.

9. Rights When Cost of Work Exceeds Allocated Cost Maximums

9.1 A Constructing Party with respect to Work may by written notice to each other Party propose to increase the Allocated Cost Maximum of each Paying Party with respect to such Work in proportion to the respective Allocated Shares of each Paying Party with respect to such Work. Each such notice shall include an explanation of the basis for the proposed increase. By written notice (within thirty (30) days of receipt of the notice from the Constructing Party), each such Paying Party may, but shall not be obligated to, accept the proposed increase to its Allocated Cost Maximum.

9.1.1 If each Paying Party so accepts its increased Allocated Cost Maximum with respect to Work, ColumbiaGrid shall issue to each Party a revised Exhibit D reflecting such increased Allocated Cost Maximums with respect to such Work, and such revised Exhibit D shall thereupon be substituted for the previous Exhibit D in this Agreement.

9.1.2 If any Paying Party does not so accept its proposed increased Allocated Cost, the Constructing Party may invoice such Paying Party under section 6.1 only up to its Allocated Cost Maximum as stated in Exhibit D prior to such proposed revision, subject to the provisions of section 9.2.

9.2 ColumbiaGrid shall provide written notification to all Parties whenever any Paying Party rejects a proposed increase of its Allocated Cost Maximum with respect to Work

pursuant to section 9.1.2 (“Notice of Rejection”). Within ten (10) days of such Notice of Rejection, any non-rejecting Party may elect to assume the amount of the proposed increase in the rejecting Paying Party’s Allocated Cost Maximum with respect to such Work by providing written notification of such assumption to all Parties. If more than one Party including the Constructing Party with respect to such Work so elects to assume such amount, such Constructing Party shall assume such amount. If the Constructing Party does not elect to assume such amount, the electing Paying Party with the largest Allocated Share shall assume the rejecting Paying Party’s amount. If neither such Constructing Party nor a non-rejecting Paying Party elects to assume the rejecting Paying Party’s amount, the first other non-Paying Party with respect to such Work to provide notice, if any, shall assume such amount. If pursuant to section 9.1 and 9.2, the amounts of all proposed increases in Allocated Cost Maximum for such Work are accepted or assumed, ColumbiaGrid shall issue to each Party a revised Exhibit D reflecting such increased Allocated Cost Maximums with respect to such Work, and such revised Exhibit D shall thereupon be substituted for the previous Exhibit D in this Agreement.

9.3 In the event that a Paying Party rejects an increase to its Allocated Cost Maximum proposed pursuant to this section 9 with respect to Work, the transmission capacity, if any, provided by such Work shall be equitably reallocated among the Parties by agreement of the Parties (and ColumbiaGrid shall issue a revised Exhibit F reflecting such re-allocation, and such revised Exhibit F shall thereupon be substituted for the previous Exhibit F in this Agreement); *provided* that the reallocation shall not reduce the capacity rights of any Party that has not rejected the proposed increase to its Allocated Cost Maximum with respect to such Work if the *Work* is completed; *provided further* that if the Parties do not reach agreement on such reallocation, the matter shall be referred to informal dispute resolution pursuant to section 17 and, if the dispute over the reallocation is not resolved by such informal dispute resolution process, such reallocation shall be resolved with respect to any factual issues by arbitration pursuant to section 17 or other appropriate proceedings with respect to other issues; *provided that* any such informal dispute resolution and arbitration must be commenced within sixty (60) days of receipt of any Notice of Rejection with respect to such proposed increase in the Allocated Cost Maximums.

9.4 If a Constructing Party proposes an increase to the Allocated Cost Maximum with respect to any Work and any portion of such increase is not accepted or assumed pursuant to section 9.1 or 9.2, the Constructing Party shall terminate and wind-up such Work.

9.5 ColumbiaGrid shall not accept or assume any Allocated Cost Maximum (or transmission capacity) pursuant to this section 9.

10. Default of Paying Party

10.1 If any Paying Party fails to make when due any payment to a Constructing Party with respect to any Cost of Work performed by such Constructing Party, such Constructing Party shall promptly give a written notice of default (“Notice of Default”) to each other Party and may, upon providing notification in the Notice of Default, stop such Work until it receives the delinquent payment. Any such Notice of Default shall identify the defaulting Paying Party (“Defaulting Paying Party”), the date such payment was to be made, and the amount of the

delinquent payment. If the Defaulting Paying Party does not, within ten (10) days of its receipt of such Notice of Default, make such payment and give written notice of such payment to each other Party (“Cure”), then the Constructing Party may elect, by written notice of election (“Notice Regarding Assumption”) to each other Party within ten (10) days after the due date for Cure, to either

(i) continue with the Work with respect to which the Defaulting Paying Party is in default and pursue any available remedy for breach by the Defaulting Paying Party of its obligation to pay its Allocated Share of the Cost of Work, and reasonable costs of collection, including attorneys’ fees (the Defaulting Paying Party shall retain its capacity rights, if any, specified in Exhibit F after it has paid its Allocated Share of the Cost of Work and any costs of collection); or

(ii) assume all rights and all current outstanding and future obligations under this Agreement (and in any related capacity agreements entered into to effectuate the [insert the name of the EOP] EOP) of the Defaulting Paying Party, including the Defaulting Paying Party’s capacity rights, if any, specified in Exhibit F (upon such assumption by such Constructing Party, the Defaulting Paying Party shall lose all such rights and be excused from performance of all such current outstanding and future obligations).

10.2 If the Constructing Party fails to elect either item (i) or (ii) of section 10.1, then any other Party (“Assuming Party”) may assume such rights and current outstanding and future obligations by tendering Cure of the default and giving written Notice Regarding Assumption to each other Party within twenty (20) days of the original due date for Cure by the Defaulting Paying Party. Any Notice Regarding Assumption shall specify the Notice of Default giving rise to such Notice Regarding Assumption. If the Constructing Party does not so assume such rights and current outstanding and future obligations of the Defaulting Paying Party, and more than one Party gives Notice Regarding Assumption and tenders Cure with respect to a particular Notice of Default, the Assuming Party shall be the Party otherwise paying or bearing the larger Allocated Share of the Cost with respect to such Work that gives Notice Regarding Assumption and tenders Cure. If only non-Paying Parties with respect to such Work give a Notice Regarding Assumption and tender of Cure, the first such Party to do so shall be the Assuming Party. Neither ColumbiaGrid, the Defaulting Paying Party with respect to such Work, nor the Constructing Party with respect to such Work may give Notice Regarding Assumption pursuant to this section 10.2. Upon any such assumption by an Assuming Party, the Defaulting Paying Party shall lose all such rights and be excused from performance of all such current outstanding and future obligations.

10.3 If neither the Constructing Party giving a Notice of Default nor any Assuming Party assumes pursuant to sections 10.1 or 10.2 the Defaulting Paying Party’s rights and current outstanding and future obligations, such Constructing Party shall promptly by written notice to all other Parties (“Notice of Termination”) terminate and wind up such Work. In such case, the Constructing Party shall be entitled to collect (i) from each Paying Party (including the Defaulting Paying Party) for such Work such Party’s Allocated Share of the Cost of such Work

performed prior to its termination and wind-up (not to exceed such Party's Maximum Allocated Share for such Work) and (ii) from the Defaulting Paying Party 100% of the Termination Cost for such Work. In addition, the Constructing Party shall be entitled to also collect from such Defaulting Paying Party pre-judgment interest, and reasonable costs of collection, including reasonable attorneys' fees.

10.4 The remedies under this section 10 shall be the exclusive remedies for a Paying Party's default of its obligation under this Agreement to make a payment to a Constructing Party with respect to any Cost of Work performed by such Constructing Party. The Defaulting Paying Party shall not recover from any other Party amounts it paid with respect to the Cost of Work prior to its default.

11. Failure of Performance by Constructing Party

11.1 If a Constructing Party breaches its obligations under this Agreement to: (i) complete its Work on the *[insert name of EOP]* EOP in accordance with this Agreement or (ii) perform its Work on the *[insert name of EOP]* EOP consistent with Good Utility Practice, the Constructing Party shall be subject to liquidated damages in accordance with section 15.1 below; *provided that*, for any willful breach by such Constructing Party of such obligations that result in a failure of performance in whole or in part (other than for breaches described in item (i) or (ii)) of this section 11.1 and that are not excused pursuant to section 13, such Constructing Party shall be subject to making restitution of any amounts paid by any Paying Party.

11.2 Except as stated in this section 11, no Constructing Party shall be liable for any breach of this Agreement.

12. Election by Paying Party to Meet Need in Alternative Manner

In the event that a Paying Party that is not a Constructing Party determines either that its Need(s) intended to be met by the *[insert name of EOP]* EOP no longer exists or can be met by such Paying Party in another manner to be implemented by such Paying Party (whether or not any other Party also has a Need intended to be met by the *[insert name of EOP]* EOP), such Paying Party ("Withdrawing Paying Party") may elect to terminate (by giving written notice of termination ("Notice of Termination") to each other Party) its obligation to make payments under this Agreement of (or bear) its Allocated Share of any Cost and incurred by the Constructing Party with respect to Work after its receipt of such Notice of Termination. Upon giving such Notice of Termination, the Withdrawing Paying Party shall (i) lose all its rights and all current outstanding and future obligations under this Agreement (and in any related capacity agreements entered into to effectuate the *[insert the name of the EOP]* EOP), including such Withdrawing Paying Party's capacity rights, if any, specified in Exhibit F and (ii) be excused from performance of all such current outstanding and future obligations. Such rights and current outstanding and future obligations of the Withdrawing Paying Party may be assumed as though such Withdrawing Paying Party were a Defaulting Paying Party with respect to Work under section 10; *provided that* in lieu of the amounts which a Defaulting Paying Party would be required to pay pursuant to section 10, the Withdrawing Paying Party

(i) shall pay to the Constructing Party (or bear) such Withdrawing Paying Party's Allocated Share of any Cost of Work incurred by Constructing Party prior to its receipt of such Notice of Withdrawal, and

(ii) shall pay to ColumbiaGrid an amount ("Withdrawal Fee") equal to ten (10) percent of such Paying Party's Allocated Cost Maximum for Work, and

(iii) shall, if the Withdrawing Paying Party's rights and current outstanding and future obligations are not assumed by any Party(ies) and the Constructing Party terminates the Work, pay to the Constructing Party(ies) for the Work, the Termination Cost of the Work.

In the event that any Paying Party(ies) elects to assume the Withdrawing Paying Party's rights and current outstanding and future obligations with respect to the Work and the Work is completed and placed in commercial operation, ColumbiaGrid shall pay the Withdrawal Fee it receives to the Constructing Party(ies) for the Work, which shall credit such payment against the Cost of the Work.

13. Uncontrollable Force and Other Excused Non-Performance

13.1 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.

13.2 The Constructing Party, after consultation with the other Parties, may defer its Work if and to the extent delay or failure to upgrade facilities on another transmission system would prevent such Work from resolving the Need. The Constructing Party shall promptly notify each of the other Parties in writing of any such deferral and the reasons for such deferral.

13.3 Other Excused Non-Performance

If any Party determines in good faith that the performance of any of its obligations under this Agreement would cause such Party to (i) act contrary to a policy of such Party over which it has discretion relating to siting, budgeting, funding, or construction of transmission projects or (ii) improperly implement any law, regulation, rule, order, or FERC license provision applicable to such siting, budgeting, funding, or construction of transmission projects, such Party shall notify the other Parties of such determination, and all Parties shall enter into good faith negotiations to reasonably resolve the matter to the extent practicable in a manner that will restore the Parties' respective relative benefits and obligations under this Agreement that existed immediately prior to such notification. Each Party to this Agreement is excused from performance of any obligation under this Agreement that the Party determines in good faith would cause the Party to

- (i) act contrary to a policy of such Party over which it has discretion relating to siting, budgeting, funding, or construction of transmission projects, or
- (ii) to violate or improperly implement an applicable law, regulation, rule, order, FERC license provision;

provided that any obligations and liabilities accrued under this Agreement prior to notification of such determination are hereby preserved until satisfied.

14. Interconnected Operation

No contractual obligation of any Party with respect to operation, maintenance, or interconnection of any facilities comprising the Plan of Service shall be created by this Agreement, and any such obligation shall only be pursuant to a separate (existing or new) operating, maintenance, interconnection, or similar agreement.

15. Liability and Damages

15.1 The Parties agree that the failure of any Party to perform its obligations under this Agreement (exclusive of a Party's breach of its obligation under this Agreement to make in a timely manner a payment to a Constructing Party with respect to any Cost of Work performed by such Constructing Party or to bear such Cost) may result in damages to other Parties, but that such damages are indefinite and difficult to quantify. Therefore, in lieu of any other remedy for monetary damages, the Parties agree that in the event of a material breach of this Agreement by any Party ("Breaching Party") that is not cured within a period of sixty (60) days following such Breaching Party's receipt of written notice from any other Party of such breach, the Breaching Party shall pay to ColumbiaGrid the following amounts as liquidated damages and not as a penalty:

15.1.1 For each day that a Party, by breaching its obligation to use reasonable efforts to perform Work for which it is responsible pursuant to Appendix B, causes the *[insert name of EOP]* EOP not to be completed and placed in commercial operation by the Target Date

(or causes the *[insert name of EOP]* EOP to be placed in commercial operation after the Target Date), the sum of \$500 per day up to a maximum aggregate total for all such breaches by such Breaching Party of \$50,000.

15.1.2 For each material breach of this Agreement other than a breach described in section 15.1.1, the sum of \$10,000, up to a maximum aggregate total for all such breaches by such Breaching Party of \$50,000;

15.2 Except as provided in section 15.1.1 or in section 15.1.2 and except as provided with respect to restitution in section 11.1, no Party shall be liable under this Agreement to any other Party for monetary damages for breach of this Agreement, and each Party hereby waives all remedies for monetary damages for breach of this Agreement except as provided in such sections. All other equitable remedies (other than for the payment of money) for breach of this Agreement that may be available as between ColumbiaGrid and a Breaching Party are preserved, subject to the requirements of law and any regulatory authority having jurisdiction.

15.3 Notwithstanding this section 15 or any other provision of this Agreement, nothing in this Agreement shall amend or modify the WIS Agreement as it relates to parties thereto, including any Parties.

15.4 In no event shall any Party have any right against any other Party to specific performance of this Agreement. Nothing in this Agreement shall limit any Party's right to declaratory judgment with respect to declaration of any rights or obligations of any Party under this Agreement.

16. Assignments and Conveyances

16.1 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.

16.2 Assignment of ColumbiaGrid's Rights and Obligations

ColumbiaGrid shall not, without the prior written consent of each of the other 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 16.2 shall prohibit ColumbiaGrid from contracting with Third Persons for the provision of services to assist ColumbiaGrid in performing its obligations under this Agreement.

16.3 Assignment of a Party's Rights and Obligations

Except as otherwise provided in section 16.4, a 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 Party may, without the consent of ColumbiaGrid, assign its rights and obligations under this Agreement to any Person (i) into which such Party is merged or consolidated or (ii) to which such 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 each of the other Parties a valid and binding written agreement expressly assuming and agreeing to be bound by all obligations of such Party under this Agreement.

16.4 Assignment of Facilities

Notwithstanding any other provision of this Agreement, any Party may pledge or assign all or any portion of its transmission system without any other Party's consent.

16.5 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.

16.6 Consent Not Unreasonably Denied or Delayed

Consents to assignment, pledge, or transfer requested pursuant to this section 16 shall not be unreasonably denied or delayed.

17. Informal Dispute Resolution and Arbitration of Factual Disputes

17.1 Informal Dispute Resolution

Any dispute under this Agreement between or among Parties shall be referred to designated senior representatives of such Parties for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days or such other period of not more than forty-five (45) days as the Parties may agree upon by mutual agreement, any factual dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below in sections 17.2 through 17.6 and any other dispute shall be subject to resolution in the appropriate forum unless otherwise agreed by such Parties.

17.2 Arbitration of Factual Dispute Procedures

Any factual dispute under this Agreement not resolved pursuant to section 17.1 between or among Parties (“Arbitrating Parties”) shall be resolved pursuant to sections 17.2 through 17.6 below, unless otherwise agreed in writing among such Arbitrating Parties. Any arbitration initiated under this section 17 shall be conducted before a single neutral Arbitrator appointed by the Arbitrating Parties. If the Arbitrating Parties fail to agree upon a single Arbitrator within ten (10) days of the referral of the dispute to arbitration, the Arbitrating Parties shall take turns striking names from the list of potential arbitrators maintained and supplied by ColumbiaGrid pursuant to section 17.6, with an Arbitrating Party chosen by lot first striking a name. The last-remaining name not stricken shall be designated as the Arbitrator for such dispute. If that individual is unable or unwilling to serve, the individual last stricken from the list shall be designated as the Arbitrator (and the process repeated until an individual is selected who is able and willing to serve). Absent the express written consent of all Arbitrating Parties as to any particular individual, a person shall not be eligible for selection as an Arbitrator if such person (i) is a past or present officer, member of the governing body, employee of or consultant to any of the Arbitrating Parties, or of an entity related to or affiliated with any of the Arbitrating Parties or (ii) has any current or past substantial business or financial relationships with any of the Arbitrating Parties (except as an arbitrator in any prior arbitration). The Arbitrator shall provide each of the Arbitrating Parties an opportunity to be heard and, except as otherwise provided in this section 17, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

17.3 Arbitration Decisions

Unless otherwise agreed in writing by the Arbitrating Parties, the Arbitrator shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The Arbitrator shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any of the provisions of this Agreement in any manner. The decision of the Arbitrator shall be final and binding upon the Arbitrating Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the Arbitrator may be appealed solely on the grounds that the conduct of the Arbitrator, or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the Arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

17.4 Costs

Each Arbitrating Party shall be responsible for its own costs incurred during the arbitration process and for an equal share of the cost of the single Arbitrator.

17.5 Rights Under The Federal Power Act

Nothing in this section shall restrict the rights of any Party to file a complaint with the Commission or seek any other relief under relevant provisions of the Federal Power Act.

17.6 List of Potential Arbitrators

ColumbiaGrid shall establish, and from time to time update, a list of not less than 5 potential arbitrators. Potential arbitrators on such list shall be generally knowledgeable about electric utility matters and policies, criteria, and regulatory requirements applicable to the Regional Interconnected Systems. ColumbiaGrid shall furnish such list for use pursuant to section 17.2.

18. Notices

18.1 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:

[Insert address and representative for ColumbiaGrid]

Attn: _____

[Insert names, addresses, and representatives for other Parties]

The address of _____ shall be:

Attn: _____

18.2 Change of Notice Address

Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified to receive notice on its behalf.

18.3 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. Amendment or Modification

19.1 Amendment by Mutual Agreement

This Agreement may not be amended or modified except by any subsequent mutual written agreement, duly executed by all Parties.

19.2 Invalidity

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.

19.3 Conformance to Pro Forma

The Parties shall not, without the prior written consent of all parties to the Planning Agreement, which consent is not to be unreasonably withheld, amend this Agreement to be inconsistent with the pro forma Facilities Agreement set forth in the Planning Agreement. If the Planning Agreement is amended by the parties thereto so as to amend the pro forma Facilities Agreement set forth in the Planning Agreement, ColumbiaGrid shall offer an amendment to this Agreement to conform this Agreement to such amended pro forma Facilities Agreement.

20. 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.

21. Integration

This Agreement, including the Exhibits 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 hereof. The Exhibits hereto, as they may be revised from time to time, are incorporated by reference as if fully set forth in this Agreement.

22. Existing Agreements Preserved

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

23. Governing Law

This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of *[insert the state where facility/ies are to be located]*, 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 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 Party that is an agency of the United States federal government, under law in effect as of the effective date of this Agreement, such agency has not by this Agreement waived its sovereign immunity.

24. 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.

25. 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.

26. Relationship of the Parties

26.1 No Partnership, Etc.

Nothing contained in this Agreement shall be construed to create an 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.

26.2 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 Party’s express written consent.

27. 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.

28. No Dedication of Facilities

No undertaking by any Party to another 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 any Party's transmission system, to any other Party or to the public.

29. 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.

30. 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.

31. 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 Parties.

32. 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.

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

Columbia Grid

By: _____

Its: _____

[Insert names of Parties]

[Name]

By: _____

Its: _____

[Name]

By: _____

Its: _____

Exhibit A

PLAN OF SERVICE

Exhibit B

Facility and Work Description	Design Responsibility	Siting Responsibility	Equipment Procurement and Construction Responsibility	Allocated Share Among Parties A/B/C, etc.	Facility Ownership Share Percentage Among Parties A/B/C, etc.	Comments

Exhibit C

PERFORMANCE MILESTONES

Exhibit D
COST ALLOCATION

Exhibit E
ESTIMATED PAYMENT SCHEDULE

Exhibit F

ADDITIONAL OR MAINTAINED TRANSMISSION CAPACITY

APPENDIX C

PRO FORMA

INTERREGIONAL TRANSMISSION PROJECT AGREEMENT

FOR

[Insert name of ITP] ITP

AMONG

COLUMBIAGRID

AND

[Insert name(s) of ITP Proponent(s)]

INTERREGIONAL TRANSMISSION PROJECT AGREEMENT

This INTERREGIONAL TRANSMISSION PROJECT AGREEMENT (“Agreement”) is entered into as of *[insert date]*, by and among ColumbiaGrid, a Washington non-profit corporation, and *[insert name(s) of the ITP Proponent(s)]* (“ITP Proponent(s)”) (individually referred to as “Party” and in the plural referred to as “Parties”).

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. ColumbiaGrid provides a transmission planning process which evaluates transmission needs and solutions for such needs for and on behalf of signatories to the Fourth Amendment and Restatement of the Planning and Expansion Functional Agreement (such Fourth Amendment and Restatement, as it may be hereafter amended, is referred to in this Agreement as the “PEFA”; signatories to the PEFA other than ColumbiaGrid are referred to as “Planning Parties”).

C. *[[ITP Proponent(s) is(are) not a signatory(ies) to the PEFA, but participates in regional transmission planning through *[insert name of transmission planning region].*]]*

OR

[[ITP Proponent(s) is(are) not a signatory(ies) to the PEFA, but does(do) not participate in any other regional transmission planning.]]

D. ITP Proponent(s) is a proponent of a proposed Interregional Transmission Project, as more fully described in Exhibit A to this Agreement (the “Project”) for which the ITP Proponent anticipates that ColumbiaGrid would be a Relevant Planning Region and, therefore, ITP Proponent(s) desires to have its(their) ITP jointly evaluated by ColumbiaGrid pursuant to Sections 13 and 14 of Appendix A of the PEFA.

E. ITP Proponent(s), by entering into this Agreement, may request joint evaluation and/or Order 1000 Cost Allocation for the Project in accordance with and subject to the provisions of Sections 13 and 14 of Appendix A of the PEFA and other applicable provisions of the PEFA all in accordance with this Agreement.

AGREEMENT

1. Definitions

All capitalized terms not defined in this Agreement shall have the meanings given to such terms in the PEFA.

2. Term

This Agreement shall become effective on the date first stated above and shall continue in effect until occurrence of the earliest to occur of the following: this Agreement is terminated pursuant to this section by the ITP Proponent(s), this Agreement is terminated pursuant to this section by any Party that has a right under the provisions of section 5.3 of this Agreement to terminate this Agreement, the Project is withdrawn as an ITP from ColumbiaGrid's transmission planning process, ColumbiaGrid is no longer a Relevant Planning Region with respect to the Project, the Project is listed in a Plan either as qualifying or not qualifying as an Order 1000 Project, or the ITP Proponent(s) abandon or cease performance under this Agreement. The ITP Proponent(s) may terminate this Agreement at any time by providing ColumbiaGrid written notice that it is withdrawing the Project, and any Party that has a right under the provisions of section 5.3 of this Agreement to terminate this Agreement may terminate this Agreement by providing ColumbiaGrid written notice that it is terminating this Agreement pursuant to this section. If ITP Proponent(s) or any Party so terminates this Agreement pursuant to this section or if this Agreement terminates because the ITP Proponent(s) abandon or cease performance under this Agreement, (i) ColumbiaGrid will notify all other Relevant Planning Regions of such termination, (ii) ColumbiaGrid shall have no further obligation under this Agreement to jointly evaluate the Project, and (iii) ITP Proponent(s) will not be eligible to request Order 1000 Cost Allocation for the Project and, if ITP Proponent(s) requested Order 1000 Cost Allocation for the Project prior to termination of this Agreement, such request shall be deemed withdrawn. Any obligations accrued under this Agreement prior to its termination shall survive until such obligations are satisfied. In the event that there are two or more ITP Proponents that are Parties to this Agreement, any one or more (but not all) of such ITP Proponents may by written notice to all other Parties withdraw as Parties to this Agreement with the written consent of all non-withdrawing ITP Proponents that are

Parties to this Agreement; *provided, that* all obligations of any withdrawing ITP Proponent accrued under this Agreement prior to its withdrawal shall survive until such obligations are satisfied, and no such withdrawal shall excuse any non-withdrawing ITP Proponent from any of its obligations under this Agreement.

3. Payment

Immediately upon its execution of this Agreement, ITP Proponent(s) shall pay to ColumbiaGrid a total amount equal to \$50,000; *provided, however,* that such payment requirement shall be waived if any ITP Proponent is enrolled in a transmission planning region (other than ColumbiaGrid) that performs transmission planning in the Western Interconnection that similarly waives or does not impose any payment requirement for entities enrolled in ColumbiaGrid that seek joint evaluation or cost allocation for an ITP in such transmission planning region. For the avoidance of doubt, ColumbiaGrid shall have no obligation under this Agreement unless or until such payment from ITP Proponent(s) is received by ColumbiaGrid, and such payment shall not be refundable.

4. Joint Evaluation and Order 1000 Cost Allocation

ITP Proponent(s) shall submit the Project to ColumbiaGrid in accordance with Sections 13.4.1 and 14 of Appendix A of the PEFA. If ITP Proponent(s) requests Order 1000 Cost Allocation for the Project, it shall make such request to ColumbiaGrid in accordance with Sections 13.5.1 and 14 of Appendix A of the PEFA. ITP Proponent(s) shall, with respect to the Project, cooperate with and support ColumbiaGrid in the implementation of its responsibilities under the PEFA with regard to the joint evaluation of, and, if applicable, application of ColumbiaGrid's Order 1000 Cost Allocation Methodology to, the Project. Without limitation of the generality of the foregoing, each ITP Proponent(s) expressly acknowledges that, in accordance with section 14.3 of Appendix A of the PEFA, the TOPP(s) or ITP Proponent(s) that submitted the ITP is to assume primary responsibility for leading and performing necessary analytical work for such ITP in the Study Team.

With respect to the Project and for purposes of the joint evaluation of, and if applicable Order 1000 Cost Allocation for, the Project through the ColumbiaGrid planning process, ITP Proponent(s) shall comply with, the provisions of the PEFA (except as otherwise provided herein) as though ITP Proponents(s) were a Planning Party(ies), ITP Proponent(s), or Order 1000 Sponsor(s) (as applicable) under the PEFA, including the following sections of the PEFA:

- Section 1 –Definitions
- Section 2—Biennial Transmission Plans and Updates
- Section 3—Plan Methodology
- Section 4—ColumbiaGrid Transmission Planning Process Requirements
- Section 10—Order 1000 Projects and Cost Allocation
- Section 11—Authorization for ColumbiaGrid to Perform Obligations Under This Agreement
- Section 12—Limitations of Liability Among Planning Parties
- Section 13.3—First Party Claims
- Section 13.5—Inaccurate or Incomplete Data or Information

- Section 13.6—Limitation of Damages
- Section 14—Uncontrollable Force
- Section 16—Confidentiality Obligations
- Section 19.3—Construction of Agreement
- Section 19.6—Governing Law
- Section 19.8—Singular and Plural; Use of “Or”
- Section 19.9—Headings for Convenience Only
- Section 19.10—Relationship of the Parties
- Section 19.11—No Third Person Beneficiaries
- Section 19.12—No Dedication of Facilities
- Section 19.13—Nonwaiver
- Appendix A (except as provided below)—Transmission Planning Process

ColumbiaGrid shall jointly evaluate, and if applicable apply its Order 1000 Cost Allocation Methodology to, the Project in accordance with the foregoing provisions of the PEFA.

Notwithstanding the foregoing, the following provisions of the PEFA are specifically not applicable to this Agreement and shall not constitute obligations under this Agreement of any Party:

- Section 5—Commitment to Move to Common Queue and Explore Other Improvements
- Section 6—Offer and Execution of Facilities Agreements; Other Agreements
- Section 7—Regional and Interregional Transmission Coordination
- Section 8—Payment
- Section 9—Budgets
- Section 13.4—Third Person Claims
- Section 15—Assignments and Conveyances
- Section 17—Effective Date
- Section 18—Withdrawal
- Section 19—Miscellaneous, except as specifically included above
- Appendix B—Facilities Agreement

In addition to the provisions listed above, the provisions of the PEFA that provide for Non-Order 1000 Cost Allocation, including specifically any such provisions in Sections 5.4, 6.4, 8.4, and 9.4 of Appendix A of the PEFA, are not applicable to this Agreement and shall not constitute obligations of any Party under this Agreement.

ITP Proponent(s) each acknowledge that, by the Parties entering into and performing this Agreement, no ITP Proponent(s) becomes party to, or third-party beneficiary under, the PEFA.

5. Miscellaneous

5.1 Assignments and Conveyances

This Agreement is binding on and shall inure to the benefit of the Parties and their respective successors, permitted assigns, and legal representatives. ITP Proponent(s) shall not, without the prior written consent of ColumbiaGrid (which consent shall not be unreasonably denied or delayed), 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 ITP Proponent(s) may, without the consent of ColumbiaGrid, assign its rights and obligations under this Agreement to any Person (i) into which ITP Proponent(s) is merged or consolidated or (ii) to which ITP Proponent(s) sells, transfers, or assigns all or substantially all of its assets, so long as the survivor in any such merger or consolidation, or the purchaser, transferee or assignee of such assets provides to ColumbiaGrid a valid and binding written agreement expressly assuming and agreeing to be bound by all obligations of ITP Proponent(s) under this Agreement.

5.2 Other Reports

ColumbiaGrid may, upon reasonable notice to ITP Proponent(s), request that ITP Proponent(s) provide ColumbiaGrid with such other information or reports as ColumbiaGrid may reasonably deem necessary for its performance of this Agreement. ITP Proponent(s) 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 or CEII.

5.3 Amendment or Modification

This Agreement may not be amended or modified except by any subsequent mutual written agreement, duly executed by all 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 terminate this Agreement pursuant to Section 2 of this Agreement.

5.4 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.

5.5 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.

5.6 Relationship of the Parties

Nothing contained herein 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 or any of the Planning Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities under this Agreement. 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.

5.7 No Dedication of Facilities

No undertaking by any 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 Party's Transmission System to any other Party or to the public.

5.8 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 any duty, obligation, or undertaking established in this Agreement.

5.9 Nonwaiver

Any waiver at any time by any Part 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.

5.10 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.

5.11 Notices

Any notice, demand, or request to a Party in accordance with 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: Chief Executive Officer

The address of ITP Proponent(s) shall be:

[[insert address]]

Any Party may at any time, by notice to the other Party(ies), change the designation or address of the person specified to receive notice on its behalf.

5.12 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.

5.13 Representation of Authority and Counterparts

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. 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 page(s).

<u>ColumbiaGrid</u>	<u>[[Insert Name]]</u>
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

Exhibit A – Description of Project