

ATTACHMENT K

Transmission Planning Process

PART I

INTRODUCTION

This Attachment K reflects the planning processes contained in the PEFA as set forth in the Third Amendment and Restatement of the PEFA, which was submitted for filing to the Commission on October 11, 2012, in Docket No. ER13-99-000, and which has not yet become effective in accordance with section 17.1 thereof. Further, parties to the PEFA have developed a form of amendment to the PEFA (in the form of the Fourth Amendment and Restatement of the PEFA (hereinafter, sometimes referred to as “Fourth Restatement”) pursuant to which the PEFA would be amended. At such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, the Fourth Restatement is intended to supersede the Third Amendment and Restatement of the PEFA in its entirety with regard to the parties that execute the Fourth Restatement (except for ColumbiaGrid) and this Attachment K will be amended to revise it as detailed below.

The Transmission Provider’s transmission planning process includes local and regional components to provide for comprehensive, open and coordinated planning of the Transmission Provider’s Transmission System and the interconnected transmission network of the Regional Interconnected Systems.

The local transmission planning process will include a series of open planning meetings that the Transmission Provider will conduct to allow anyone, including, but not limited to, Network Customers, Point-to-Point Customers, interconnected transmission systems, regulatory and state bodies and other Persons, to provide input into and comment on the Transmission Provider’s development and annual update of its planned development and upgrades for its Transmission System (“Local Planning Report”).

All Single System Projects proposed in the local transmission planning process are incorporated into and subject to the coordinated regional transmission planning process. The Transmission Provider will coordinate its transmission planning directly with stakeholders, including other Northwest parties, neighboring transmission providers, and Interested Persons in the ColumbiaGrid planning process. The ColumbiaGrid planning process is structured to support and manage the coordination of the multi-system planning of the ColumbiaGrid TOPPs, including related studies. Such responsibilities are detailed in the ColumbiaGrid Planning and Expansion Functional Agreement (“PEFA”), which is posted on the ColumbiaGrid Website. Part IV of this Attachment K describes Transmission Provider’s participation in transmission planning as a party to the PEFA. In addition, the PEFA requires ColumbiaGrid to coordinate with entities that are not Planning Parties, to the extent possible. To that end, 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 Planning Parties for purposes of collecting and sharing information.

Further, the Transmission Provider participates in coordinated planning throughout the Western Interconnection through its membership in the Western Electricity Coordinating Council (“WECC”) and participation in the WECC Transmission Expansion Planning Policy Committee (“TEPPC”). TEPPC is to provide for the development and maintenance of an economic transmission study database for the entire Western Interconnection and performs congestion studies at the Western Interconnection region level.

PART II

RESPONSIBILITIES UNDER ATTACHMENT K

The planning processes described in this Attachment K are intended to result in coordinated local and regional transmission plans while preserving the responsibilities of the Transmission Provider under other provisions of the Tariff to provide Transmission Service and interconnection service on its Transmission System. With respect to any request for transmission service or interconnection received by the Transmission Provider, nothing in this Attachment K shall preclude the Transmission Provider from responding as the Transmission Provider determines is appropriate under its Tariff.

This Attachment K describes the process in which the Transmission Provider intends to coordinate with its Transmission Customers, neighboring transmission providers, affected state authorities, Tribes and other stakeholders. This Attachment K, however, does not dictate or establish which investments identified in a transmission plan should be performed, or how such investments should be compensated.

This Attachment K describes a planning process that contemplates actions by not only the Transmission Provider and its Transmission Customers, but also others that may not be bound to comply with this Attachment K, such as other Parties to the PEFA, other transmission providers (and their transmission or interconnection customers), States, Tribes, WECC, planning groups, and other stakeholders and Interested Persons. The Transmission Provider may be obligated as specified elsewhere in this Attachment K to participate in planning activities, including providing data and notices of its activities, and soliciting and considering written comments of stakeholders and Interested Persons. However, this Attachment K contemplates cooperation and activities by entities that may not be bound by contract or regulation to perform the activities described for them. Failure by any Person other than the Transmission Provider to cooperate or perform as contemplated under this Attachment K may frustrate or impede, or prevent performance by, the Transmission Provider of activities as described in this Attachment K. The Transmission Provider shall use reasonable efforts to secure the performance of other entities with respect to the planning activities described in this Attachment K, but shall have no other or additional obligation regarding any failure to cooperate or perform by any other Person other than the Transmission Provider with respect to the activities described in or contemplated by this Attachment K. For example, if, and to the extent, any Transmission Customer fails to provide Data or other information as required or contemplated by this Attachment K, the Transmission Provider may not be able to effectively include such customer and its needs in the Transmission Provider's planning.

PART III

THE AVISTA LOCAL TRANSMISSION PLANNING PROCESS

1. Overview

On a biennial basis, the Transmission Provider shall complete its local transmission planning process for the purpose of identifying Single System Projects to mitigate future reliability and load-service requirements for its Transmission System. The Transmission Provider shall document the results of the local transmission planning process in a biennial Local Planning Report in year one and shall update such results, if necessary, in year two. The Local Planning Report shall include any reliability impacts identified on the Transmission Provider's Transmission System and a list of the Single System Projects proposed to mitigate those issues. Any impacts on neighboring transmission systems and the projects to mitigate those impacts shall be identified and coordinated through the ColumbiaGrid process outlined in Part IV. Reliability issues shall be identified by performing technical studies, including powerflow, transient voltage stability, short circuit, and voltage collapse analyses. The Local Planning Report shall identify proposed Single System Projects for a specified year within the one to five year planning horizon and a specified year within the six to ten year planning horizon, pursuant to the Transmission Provider's compliance with applicable NERC and WECC reliability criteria. For years in which the biennial Local Planning Report is being developed, the planning process shall begin in the second quarter of the year and shall conclude in the third quarter of such year as required to proceed with the design, development, and funding of the proposed transmission projects identified ("Year One"). During the second year of the biennial process, an update to the Local Planning Report will be completed ("Year Two").

The local transmission planning process outlined below, including the collection of customer data and presentation of proposed projects, is similar to the function of the Network Operating Committee set forth in the Tariff. Therefore, rather than performing redundant meetings and activities, this local transmission planning process shall substantially provide for the requirements of the Network Operating Committee.

2. Local Planning Process Participation

Participation in the local transmission planning process shall be open to all Interested Stakeholders, including, but not limited to, all Transmission Customers and interconnection customers, and state authorities.

2.1 Confidential Information and Critical Energy Infrastructure Information:

2.1.1 WECC Proprietary Data

Transmission Provider's transmission planning studies may include base case data that are WECC proprietary data. A stakeholder must hold membership in or execute a non-disclosure agreement with WECC (www.wecc.biz) to obtain WECC proprietary data, such as base case data, from Transmission Provider.

2.1.2 Avista Proprietary Data

Except as otherwise set forth in Part III, Section 2.1.1, above with respect to WECC proprietary data, a requester may request Avista Proprietary Data required to be disclosed by Order No. 890 from Transmission Provider using the procedures set forth below.

2.1.2.1 A requester shall file a signed, written request, in accordance with the Avista Proprietary Data procedures outlined herein, with Transmission Provider at the following address:

Avista Corporation
1411 E. Mission Avenue, MSC-16
Spokane, WA 99202

Attn: Manager, Transmission Services

2.1.2.2 Requests for Avista Proprietary Data will be considered to be received upon actual receipt by Transmission Provider.

2.1.2.3 Transmission Provider will make a determination of whether it considers the requested information to be Avista Proprietary Data and whether requested information should be provided. Transmission Provider will promptly notify the requester of such determination.

2.1.2.4 If Transmission Provider determines that the requester is eligible to and should receive the requested Avista Proprietary Data, Transmission Provider will provide a form of Avista Proprietary Data Non-Disclosure Agreement ("NDA") to the requester for execution.

Upon Transmission Provider's receipt of any required NDA executed by requester with respect to such Avista Proprietary Data, Transmission Provider will, subject to any restrictions on providing requested Avista Proprietary Data, promptly provide the requested Avista Proprietary Data upon its determination that an NDA is not needed, or upon receipt of a

properly executed NDA.

2.1.2.5 Nothing in this Part III shall excuse Transmission Provider from providing access to requester to Avista Proprietary Data pursuant to a specific order by the Commission to provide such access to such Avista Proprietary Data to requester following denial pursuant to these procedures by Transmission Provider of access by such requester to such Avista Proprietary Data.

2.1.3 Critical Energy Infrastructure Information (“CEII”)

The Local Planning Report may include information identified as CEII by the Commission. All such information may only be included in the appendices of the Local Planning Report, such that the body can be provided to all Interested Stakeholders in an open manner.

2.1.3.1 Access for Transmission Customers (w/OASIS access):

The Transmission Provider shall post the draft and completed Local Planning Report in the secure area of the Transmission Provider’s OASIS website under the System Planning page and shall be accessible to Transmission Customers that have access to the secure area of Transmission Provider’s OASIS.

Transmission Provider’s CEII Request Procedure and CEII Non-Disclosure Agreement are posted on Transmission Provider’s OASIS in the CEII folder. By accessing any material Transmission Provider has determined is CEII as such term is defined in 18 C.F.R. § 388.113, as may be amended from time to time) that has been posted on the Transmission Provider’s OASIS, the Transmission Customer: (i) represents and warrants that it has read and understands the Transmission Provider’s CEII policy and CEII Non-Disclosure Agreement; (ii) represents and warrants that it is an entity or person eligible to receive CEII and has, as contemplated by the Commission, a legitimate interest in and legitimate need for CEII from the Transmission Provider; and (iii) represents and warrants that such Transmission Customer will use any CEII received from the Transmission Provider only for the purposes for which the Commission has required its disclosure. Such Transmission Customer also agrees and acknowledges as follows:

(A) Transmission Customer shall use any CEII received from the Transmission Provider only for such Transmission Customer’s legitimate interest and legitimate need and shall only share such CEII with its employees, subcontractors, and agents who need to know such information for such Transmission

Customer's legitimate interest and legitimate need and who have agreed, for the benefit of the Transmission Provider, to be bound (in the same manner as such Transmission Customer) by the terms of this section;

- (B) Transmission Customer shall take reasonable steps to protect any CEII received from the Transmission Provider (but in any event steps that are no less rigorous than such Transmission Customer would use to protect its own confidential information), to ensure that the Transmission Customer who receives such CEII directly or indirectly from such Transmission Customer distributes such CEII further except as permitted pursuant to subsection (A) above of this section; and
- (C) Transmission Customer shall destroy any CEII received from Transmission Provider and in such Transmission Customer's possession if and at such time when such CEII no longer serves the purposes described above, when such Transmission Customer is not an entity eligible to receive CEII, or when such CEII has been superseded or has become obsolete. Upon request by the Transmission Provider, such Transmission Customer shall certify to the Transmission Provider that such destruction has occurred.

2.1.3.2 Other Requests for CEII:

Transmission Provider's CEII Request Procedure, CEII Non-Disclosure Agreement, and CEII Request Form are posted on Transmission Provider's OASIS in the CEII folder. A requester may request CEII from Transmission Provider using the CEII Request Form posted on Transmission Provider's OASIS in the CEII folder. Upon receipt of a completed and signed CEII Request Form, Transmission Provider will process such request for CEII pursuant to its CEII Request Procedure.

2.2 Customer Information:

2.2.1 Network Customer Data:

Each Network Customer shall provide to the Transmission Provider the following Data ("Additional Network Service Data"):

- (A) forecast information for load and resource requirements over the specified planning horizon;
- (B) identification of demand response reductions; and

- (C) any other data reasonably requested by the Transmission Provider from a Network Customer in connection with planning activities pursuant to this Attachment K.

Any Additional Network Service Data to be provided by a Network Customer pursuant to this Section 2.2.1 is in addition to, and does not substitute for, any NERC data such Network Customer is otherwise required to provide to the Transmission Provider.

2.2.2 Point-to-Point Customer Data:

Any Point-to-Point Customer and any entity that receives Grandfathered Transmission Service from the Transmission Provider may provide to Transmission Provider the following Data (“Additional Transmission Service Data”):

- (A) projections of need for Point-to-Point Transmission Service or other transmission service over the planning horizon, including transmission capacity, duration, and Point(s) of Receipt and Point(s) of Delivery;
- (B) planned additions or upgrades (including status and expected in-serve date), planned retirements and environmental or other operating restrictions with respect to each of such customer’s or entity’s generating facility (or other generator of greater than 20 MW) interconnected with the Transmission Provider’s Transmission System; and
- (C) any other Data reasonably requested by Transmission Provider from such Point-to-Point Customer or entity in connection with planning activities pursuant to this Attachment K

Any Additional Transmission Service Data that may be provided pursuant to this Section 2.2.2 by a Point-to-Point Customer or other entity that receives Grandfathered Transmission Service from the Transmission Provider is in addition to and does not substitute for any NERC data such Point-to-Point Customer or entity is otherwise required to provide to the Transmission Provider.

2.2.3 Additional Data:

Any Interested Stakeholder may provide to the Transmission Provider the following Data (“Additional Interested Stakeholder Data”) with respect to any demand response resource:

- (A) existing and planned demand response resources and their impacts on demand and peak demand; and

- (B) any other Data reasonably requested from such Interested Stakeholder by the Transmission Provider in connection with planning activities pursuant to this Attachment K.

Any Additional Interested Stakeholder Data that may be provided by any Interested Stakeholder is in addition to, and does not substitute for, any NERC data such person is otherwise required to provide to the Transmission Provider.

2.2.4 Submission of Data:

Data must be submitted to the Transmission Provider by April 1 of the first year of the Local Planning Process if it is to be included in the local transmission planning process, unless an alternative date is mutually agreed upon by the Transmission Provider and the party submitting the data. Such Data may be submitted to the Transmission Provider in electronic format (e.g., Excel spreadsheet) via electronic mail at transmission.services@avistacorp.com.

2.2.5 Use of Data:

Any Data may be used by the Transmission Provider without restriction (but subject to any applicable CEII restrictions) in its planning activities under this Attachment K and in the Transmission Provider's other planning activities or studies, such as studies in response to requests for transmission service or interconnection.

The Transmission Provider and any other entity providing any projected or forecasted Data with respect to any load, generating resource (or any addition, upgrade, retirement or environmental or other operating restriction with respect to such resource), demand response resource, or need for transmission service shall use reasonable efforts to provide a good faith projection or forecast thereof.

The Transmission Provider shall have no obligation under this Attachment K or any other section of the Tariff to evaluate the validity or accuracy of any Data, but may so evaluate the validity or accuracy of any such Data if the Transmission Provider determines such evaluation to be appropriate and reasonable. Similarly, the Transmission Provider shall have no obligation to use any Data for any purpose under this Attachment K that the Transmission Provider determines to be inappropriate or unreasonable for such use and may, in lieu thereof, substitute data that the Transmission Provider determines to be appropriate and reasonable for such use.

2.2.6 Data Confidentiality:

All Data shall be provided (or deemed provided) without any confidentiality restrictions; *provided that* nothing in this section shall excuse the Transmission Provider from any confidentiality obligations imposed on the Transmission Provider by WECC as a condition of receipt from it by the Transmission Provider of any WECC data.

Nothing in this section shall excuse any entity from any obligation imposed on it by the Commission to restrict disclosure of CEII.

2.3 Cost Recovery for Local Transmission Planning Process Participation:

The Transmission Provider shall hold all local transmission planning process meetings within the Transmission Provider's retail electric service territory in a central location to minimize local travel costs for participants. The Transmission Provider will provide facilities for the meetings, any needed documents and supplies, and other items specific to the planning process. The Transmission Provider will not provide recovery of any costs incurred by parties participating in this Attachment K planning process. The Transmission Provider will seek recovery of its costs of the Attachment K process in its applicable state and federal rate setting processes. If any Interested Stakeholder is unable to attend a meeting or otherwise participate in the local transmission planning process, the Transmission Provider shall provide electronic or hardcopies of all reports, meeting notes, and any additional pertinent materials (except CEII) upon written request within 30 calendar days. To the extent any CEII, WECC Proprietary Data, or Avista Proprietary Data is requested under this section, such request shall be made in accordance with sections 2.1.1, 2.1.2, and 2.1.3 of this Attachment K.

3. Local Transmission Planning Process Meetings

3.1 Meeting Notification:

The Transmission Provider shall provide no less than fifteen (15) calendar days notice prior to any of the local transmission planning process meetings by posting a notice of such meeting on the Transmission Provider's OASIS website under the System Planning page. The Transmission Provider may also, but is not obligated to, directly contact neighboring transmission providers or owners of interconnected systems, and Interested Stakeholders (excluding Transmission Customers) with such meeting notice, not prior to that notice being posted on OASIS.

3.2 Study Development Meeting:

The Transmission Provider shall hold an open meeting to give participants an opportunity to provide comment for data gathering, initial assumptions and input into the study development within thirty (30) days following the initiation of the biennial local transmission planning process. The Transmission Provider shall use any comments that provide value to the planning process in the development of the local transmission plans included in the Local Planning Report.

The Study Development Meeting shall be held during the second quarter of year one of the local planning process.

The scope of the Study Development Meeting may include the sharing of load and resource forecast information, construction plans by Network Customers for new Points of Delivery, service reliability issues, communications of changes in system operations and contract administration details. Participants, including stakeholders and customers are also welcome to provide topics of discussion. Such Participants in the Study Development Meeting may propose for consideration, among other things, local transmission needs driven by Public Policy Requirements and transmission, generation, and demand response resource projects.

3.3 Review of Study Results/Draft Transmission Plans Meeting

The Transmission Provider shall hold an open meeting (the Review of Study Results/Draft Transmission Plans Meeting) to review the results of the study process and to discuss the draft Local Planning Report within thirty (30) days following completion of the draft Local Planning Report. The Transmission Provider shall post the draft Local Planning Report with the notification of the meeting. During this meeting, and for fifteen (15) calendar days following this meeting, all Interested Stakeholders are encouraged to provide the Transmission Provider with any comments, including alternatives to the projects proposed in the draft Local Planning Report. The Transmission Provider shall consider the alternative Single System Projects provided by any Interested Stakeholders. The Transmission Provider shall address the choice to proceed with the Single System projects proposed in the draft Local Planning Report or the alternatives provided by any Interested Stakeholders in the final Local Planning Report. The Transmission Provider shall post on the Transmission Provider's OASIS System Planning page the final Local Planning Report within thirty (30) days following the Review of Study Results/Draft Transmission Plans Meeting.

The Review of Study Results/Draft Transmission Plans Meeting shall be held prior to the close of the fourth quarter of year one of the local planning process.

3.4 Neighboring Transmission Provider Coordination

The Transmission Provider shall perform primary coordination of the Local Planning Process with neighboring transmission providers by providing information on the Single System Projects to the sub-regional ColumbiaGrid process, as outlined in Part IV of this Attachment K. This coordination is in addition to the open meetings and process provided throughout the Local Planning Process.

3.5 Local Transmission Plan Update Meeting

The Transmission Provider shall hold an open meeting (the Local Transmission Plan Update Meeting) to provide an update to the Local Planning Report and

proposed Single System Projects developed during year one of the biennial process. The Transmission Provider shall post on the secure System Planning page on Transmission Provider's OASIS the updated Local Planning Report within the thirty (30) days following the Local Transmission Plan Update Meeting.

The Local Transmission Plan Update Meeting shall be held during the fourth quarter of year two of the local planning process.

4. Local Planning Process Planning Criteria

The Transmission Provider shall apply the following as planning criteria for its local transmission planning process:

- (A) degree of development of alternative;
- (B) relative economics and effectiveness of performance;
- (C) current applicable state, regional, and federal planning requirements and regulations;
- (D) current applicable NERC/WECC planning standards;
- (E) such additional current applicable criteria as are then accepted or developed by Transmission Provider; and
- (F) Transmission Provider will also consider the ability to satisfy an identified transmission need driven by Public Policy Requirements.

5. Local Planning Process Methodology and Assumptions

5.1 Methodology for Performing Technical Studies:

5.1.1 Load Flow (or Powerflow) Studies:

The Transmission Provider shall perform powerflow studies in accordance with current NERC and WECC transmission planning criteria, used to identify violations of the current WECC/NERC Reliability Standards.

5.1.2 Transient Voltage and Stability Studies:

The Transmission Provider shall perform stability studies, where applicable, in accordance with current NERC and WECC transmission planning criteria, to identify any violations of the current WECC/NERC Reliability Standards.

5.1.3 Short Circuit Studies:

The Transmission Provider shall perform short circuit studies, where

applicable, in accordance with current NERC and WECC transmission planning criteria, to identify any violations of the current WECC/NERC Reliability Standards.

5.1.4 Voltage Collapse Studies:

The Transmission Provider shall perform or participate in regional voltage collapse studies as needed, in accordance with current NERC and WECC transmission planning criteria to ensure sufficient reactive margin for the applicable contingencies as defined by such criteria.

5.2 Incorporation of Customer Data:

The Transmission Provider shall incorporate all reasonable Customer Data into the assumptions for the local transmission planning process in the form of updated load forecasts, generation resources, and Points of Delivery and/or points of interconnection.

5.3 Transmission and Non-Transmission Alternatives

5.3.1 Comparable Treatment of Alternatives

Customers and Interested Stakeholders may submit alternatives to transmission construction and upgrades for inclusion in the Local Planning Process. Such alternatives may be submitted prior to finalization of the Local Planning Report (thirty days after the Study Results/Draft Transmission Plans Meeting) during Year One of the planning process or prior to the third quarter during Year Two of the planning process. Alternatives that may be submitted include, but are not limited to:

- Non-Transmission Alternatives
- acceleration or expansion of existing projects
- remedial action schemes (RAS)
- interruptible loads
- reactive support

5.3.2 Local Transmission Needs Driven by Public Policy Requirements

With respect to identified local transmission needs driven by Public Policy Requirements, if any, Transmission Provider will post on its OASIS (i) an explanation of which of such need(s) will be evaluated in Transmission Provider's local transmission planning process, and (ii) an explanation of why any of such need(s) will not be evaluated in the local transmission planning process.

5.3.3 Evaluation and Selection from Competing Solutions

Transmission and Non-Transmission Alternatives submitted in accordance with Part III, Section 5.3.1 of this Attachment K will be evaluated in a manner comparable to transmission construction and upgrades pursuant to Part III, Section 4 of this Attachment K; provided however, that such

alternatives shall not conflict with the Transmission Provider's state-jurisdictional Integrated Resource Plan process.

6. Methods for Disclosure of Local Planning Process Components

6.1 Transmission Planning Assumptions:

The Transmission Provider shall incorporate assumptions into the local planning process, including updated load forecasts and any service requests (and associated upgrades) pursuant to the Tariff, where the requestor has executed a Service Agreement with the Transmission Provider. The Transmission Provider shall post all additional assumptions and will update assumption data with new data for each cycle of the local transmission planning process. The Transmission Provider shall post all changes in assumptions on the secure System Planning page of the Transmission Provider's OASIS.

6.2 Transmission Planning Criteria:

The Transmission Provider shall post a copy of all applicable transmission planning criteria on the non-secure System Planning page of the Transmission Provider's OASIS. Applicable NERC and WECC transmission planning criteria may be incorporated by reference or hyperlink.

6.3 Transmission Planning Data:

The Transmission Provider shall provide powerflow base cases within ten (10) calendar days, via email or other media, to any WECC member that makes a request. Non-WECC members will be required to sign a confidentiality agreement with the WECC before any base case(s) can be shared. Once the WECC confirms a confidentiality agreement has been signed, the Transmission Provider shall provide the requested base case(s) within ten (10) calendar days.

6.4 Access to Support Files:

The Transmission Provider shall make available, upon written request, any files that may be needed to replicate the technical study results of the local transmission planning process. The Transmission Provider will post, in the secure System Planning page of the Transmission Provider's OASIS, the requested files within ten (10) calendar days of the request. Such files may include, but shall not be limited to, contingency files and a listing of monitored elements.

7. Local Planning Report

The Local Planning Report shall provide a summary of study results and identify proposed Single System Projects for the applicable planning horizons. The Transmission Provider shall make reasonable effort to provide such information in the Local Planning Report in such fashion as to be understandable to a non-technical reader. Technical studies may be incorporated into the appendices of the Local Planning Report as needed to support the findings of the local planning process subject to any CEII concerns.

7.1 Point of Contact:

The Local Planning Report shall include a point-of-contact for the Transmission Provider for questions regarding modeling criteria, assumptions, and data underlying the results and proposed projects outlined in the Local Planning Report.

7.2 Identification of Analytical Tools:

The Local Planning Report shall include the name, version, and a short description of the analytical tools used to perform applicable studies.

7.3 Dates for Completion:

The Transmission Provider shall complete and finalize an interim Local Planning Report by the fourth quarter of 2008. The biennial local transmission planning process will commence in 2009.

8. Coordination of Local Transmission Planning Process with Regional and Subregional Planning Groups

8.1 Participation in Subregional and Regional Coordination:

The Transmission Provider shall coordinate on a subregional basis using ColumbiaGrid to facilitate joint study group meetings and develop a coordinated subregional plan (see Part IV). The Transmission Provider may also participate in the Attachment K and other planning processes of other Transmission Providers within the WECC interconnected transmission system.

The Transmission Provider shall coordinate on a regional basis using the WECC TEPPC to perform Economic Planning Studies and coordinate regional projects (see Part V).

8.2 Separation of Functions:

The need for Single System Projects to meet local reliability issues affecting only the Transmission Provider's system shall be identified through the local transmission planning process as outlined in this Part III of this Attachment K.

Issues that are identified through subregional or regional planning groups that only impact the Transmission Provider's system shall be incorporated into the next biennial Local Planning Process, or the current Local Planning Process if it will not result in a delay.

Projects that are identified through either the local transmission planning process or by a subregional or regional planning group that impact neighboring systems or others in the interconnected system shall be developed through the applicable subregional or regional planning process(es) pursuant to Parts IV and V of this Attachment K.

8.3 Coordination of Results:

The Transmission Provider will provide a copy of the final Local Planning Report to the planning manager of the applicable subregional planning group(s) and, upon request, to the planning departments of all neighboring transmission providers. The Transmission Provider will also provide results of the local planning process to the regional planning group through the WECC Annual Report submission.

8.4 Consistency of Assumptions:

The Transmission Provider shall use the same assumptions for loads, resources, and system topology in its local transmission planning process as it provides to, and incorporates in, the applicable subregional and regional planning process(es).

9. Single System Projects

9.1 Identification of Single System Projects

The Local Planning Process will identify the Single System Projects that are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service and Native Load obligations in accordance with the Transmission Provider's planning standards.

9.2 Single System Project Cost Allocation

All costs associated with Single System Projects identified in the Local Planning Report will be incorporated into appropriate state and federal rates, upon approval. All costs for projects undertaken in connection with requests for interconnection or transmission service on the Transmission Provider's system, each of which are governed by existing cost allocation methods within the Transmission Provider's Tariff, shall continue to be so governed and shall not be covered by the principles in this Section 9.

10. Enhanced Reliability Upgrades

10.1 Identification of Enhanced Reliability Upgrades

All upgrades requested by customers that are not identified in the Local Planning Report shall constitute Enhanced Reliability Upgrades. An Enhanced Reliability Upgrade shall in no event include any upgrade to the Transmission Provider's Transmission System that

- (a) is installed or required for the provision of bundled retail transmission service to its Native Load Customers,
- (b) is installed or required pursuant to any provision of the Tariff other than this Section 10 of Attachment K,
- (c) results in a reduction of transmission capacity on another transmission system (or other adverse impact on such other

transmission system that is generally considered in transmission planning in the Western Interconnection) that is material and that is unacceptable to the owner or operator of such other transmission system, or

(d) is not within its Washington area facilities.

10.2 Requests for Performance of Enhanced Reliability Upgrades

Customers that would like the Transmission Provider to construct an Enhanced Reliability Upgrade may submit a formal request for the Transmission Provider to construct such a project to the following address:

Avista Corporation
1411 E. Mission Avenue, MSC-16
Spokane, WA 99202
Attn: Manager, Transmission Services

The requesting party shall identify the percentage of cost responsibility of the Enhanced Reliability Upgrade that the requesting party is requesting cost responsibility for.

10.3 Allocation of the Costs of Enhanced Reliability Upgrades

The cost of an Enhanced Reliability Upgrade shall be allocated to each requestor based upon the percentage of cost responsibility that it has requested in its respective request. Should the total amount of percentage requests for cost responsibility for the Enhanced Reliability Upgrade by the requestors not equal one-hundred percent (100%), then the requestor(s) cost responsibility will be adjusted on a pro rata basis based upon the total percentage identified by all of the requestor(s) relative to one-hundred percent (100%) so that all of the cost responsibility for the Enhanced Reliability Upgrade is allocated to the requestor(s). If one or more of the requestors do not identify the percentage of cost responsibility for which it is requesting cost responsibility, then the requestors shall bear the cost of the Enhanced Reliability Upgrade in equal shares based upon the number of requestors.

The costs of an Enhanced Reliability Upgrade shall be fully allocated to the requesting party or parties without the provision of transmission credits or other means of reimbursement from the Transmission Provider for such costs so allocated. Pursuant to the Service Agreement under which the customer is taking service, the requesting customer shall pay the estimated costs of the Enhanced Reliability Upgrade as such costs are incurred and shall be subject to a true-up to the actual costs of the Enhanced Reliability Upgrade.

PART IV

THE COLUMBIAGRID TRANSMISSION PLANNING PROCESS

1. Overview

The Transmission Provider participates in regional planning as a party to the ColumbiaGridPEFA (signatories to the PEFA other than ColumbiaGrid are defined by the PEFA as “Planning Parties”). ColumbiaGrid is a non-profit membership corporation whose purpose is 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, and cost-effectiveness.

Under the PEFA, any entity that owns or operates or proposes to own or operate transmission facilities in the Pacific Northwest may sign the PEFA, and thereby become a Planning Party. Under section 1.56 of the PEFA, ColumbiaGrid is to maintain a list of Planning Parties on its Website (<http://www.columbiagrid.org/>). Planning Parties are the entities that, as signatories to the PEFA, agree to participate in the ColumbiaGrid transmission planning process and agree that transmission facilities in the Pacific Northwest that they own or operate or propose to own or operate are included in the Order 1000 ColumbiaGrid Planning Region.

The PEFA provides that, each Planning Cycle, ColumbiaGrid is to develop and review a Draft Biennial Plan and is to adopt, by majority vote of the Board, a Biennial Plan. The PEFA also provides that the first Biennial Plan is to be adopted as soon as practicable, but in no event later than a date in the last quarter of 2009.

Although the planning process identified in the PEFA is described sequentially, it is anticipated that most of the planning activities under the PEFA will be generally performed on a flexible, iterative, and non-sequential basis.

The planning process described in this Part IV to be followed under the PEFA is more fully described in the PEFA, including specifically its Appendix A.

In developing each Plan, ColumbiaGrid is to conduct such activities consistent with the PEFA and is to 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 the PEFA) 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 of the PEFA;

(iv) apply the Order 1000 Cost Allocation Methodology to any Order 1000 Project in accordance with section 10 of Appendix A of the PEFA;

(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 of the PEFA;

(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.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the second sentence of the second paragraph of this section 1 to read as follows:

Under section 1.66 of the PEFA, ColumbiaGrid is to maintain a list of the Planning Parties on its Website.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise item (iv) of this section 1 to read as follows:

(iv) apply the Order 1000 Cost Allocation Methodology to any Order 1000 Project in accordance with sections 10, 13 and 14 of Appendix A of the PEFA;

2. Criteria and Factors

2.1 Planning Criteria

Under section 2 of Appendix A of the PEFA, ColumbiaGrid is to apply the then

current versions of the following as Planning Criteria for its system assessment, System Assessment Reports, and Need Statements:

- (i) planning standards applicable to TOPPs pursuant to law or regulation;
- (ii) NERC reliability standards;
- (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) 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.

It is ColumbiaGrid's policy to post general planning criteria and provide transparency throughout its planning process.

2.2 Needs Factors

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

- (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 is to 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 are to include, as appropriate, the following:

- (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 is to 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 of Appendix A of the PEFA, 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 is to 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, is to, under section 3 of Appendix A of the PEFA, 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.

Under the PEFA, the procedure for the preparation of the Draft System Assessment Report and Draft Need Statements is to be as follows:

3.1 Identification of Needs

-ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to perform a system 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, is to 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 of Appendix A of the PEFA:
 - 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 is to document the basis upon which a Potential Need was not selected for inclusion in the system assessment.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first sentence of this section 3.1 through the colon to state:

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

3.2 System Assessments Based on WECC Planning Base Cases

ColumbiaGrid is to perform the system assessment and base such assessment on the then current and appropriate WECC planning base cases; *provided that* Planning Parties are to provide updates to the input previously provided to ColumbiaGrid pursuant to sections 4.1 and 4.6 of the body of the PEFA. ColumbiaGrid is to 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.

3.3 Monitoring of Progress of Order 1000 Projects

ColumbiaGrid is to 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 is to provide for each such system assessment, and such determination is to be based on, updated Project information. The system assessment is to 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 is not to be an Order 1000 Project. Such removal may result in alternative solutions in the transmission planning process to meet any applicable Need(s).

3.4 Posting of Draft System Assessment Results

ColumbiaGrid is to 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.

3.5 Draft System Assessment Report

ColumbiaGrid, in coordination with Planning Parties and Interested Persons, is to prepare a Draft System Assessment Report. Such Draft System Assessment Report is to 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 is to 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 is to, insofar as practicable, take into account any such updates in its Draft System Assessment Report.

3.6 Consideration of Proposed Projects and Development of Conceptual Transmission Solutions

ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to (a) consider Proposed Projects, and is to 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 Appendix A of the PEFA), and (b) identify which EOP Needs and related conceptual solutions are likely to result in Near-Term EOPs.

- (i) ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to develop a Draft Need Statement for each such Need. Each such Draft Need Statement is to include the following information at a minimum:
 - (a) a narrative description of the Need and the assumptions, applicable Planning Criteria, and methodology used to determine the Need;
 - (b) one or more conceptual transmission-based solutions to meet the Need with estimated timelines and estimated costs to implement each such solution; and
 - (c) an indication of whether a non-transmission solution might be viable to eliminate or delay the necessity for such a transmission-based solution.
- (ii) Under the PEFA, 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, ColumbiaGrid Staff is to determine the content of such Draft Need Statement; *provided that* in making its determination, ColumbiaGrid Staff is to consider any comments and possible transmission solutions suggested by any Planning Party or Interested Person; *provided further that* ColumbiaGrid is to note in the Draft Need Statement that it determined the content of such statement and is to report the comments of Planning Parties and Interested Persons.

3.7 Posting of Draft Need Statements

ColumbiaGrid is to post drafts of the Draft Need Statements, as they become available, on its Website subject to any appropriate conditions to protect Confidential Information and CEII.

3.8 EOP Needs Not Likely to Result in Near-Term EOPs

ColumbiaGrid, in coordination with the Planning Parties and Affected Persons, is to 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.

3.9 Board Review of Draft System Assessment Report and Draft Need Statements

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

3.10 Incorporation of Board Comments on Draft System Assessment Report and

Draft Need Statements in System Assessment Report and Need Statements

ColumbiaGrid is to 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, under section 4 of Appendix A of the PEFA, is to facilitate and participate in Study Teams. Planning Parties are to, 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

ColumbiaGrid in consultation with each Study Team is to, under section 4.3 of the PEFA, 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 is to 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.

The general objective of a Study Team is to 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 sections 4, 5.2, 6.3, 7.3, and 8.3 of Appendix A of the PEFA. In developing such plan of service, a Study Team is to 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 is to assess the ability of any such proposed solution to address a Need(s) considering the factors as described in section 2.3 of Appendix A of the PEFA. In addition, the Study Team is to assess whether there is a solution that is a more cost-effective and efficient alternative, applying such factors, to address Need(s). Taking such assessments into account, Study Teams are to 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 is to vary based upon the underlying Need(s). With respect to an EOP Need, a Study Team is to develop a proposed solution that addresses an EOP Need in a Need Statement. With respect to a Requested Service Project, the Study Team is to 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.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the second sentence of the third paragraph of this section 4.1 to read as follows:

In addition, the Study Team is to assess whether there is a solution that is a more cost effective or efficient alternative, applying such factors, to address Need(s).

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the fifth paragraph of this section 4.1 to add the following at the end of and as part of such paragraph:

With respect to an ITP submitted pursuant to Section 14.2 of Appendix A of the PEFA, a Study Team is to 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
Under sections 7.1 (Single System Projects) and 8.1 (Capacity Increase Projects) of Appendix a of the PEFA, Study Teams may develop Proposed Projects other than to address Needs.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 4.2 to read in its entirety as follows:

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) of Appendix A of the PEFA, Study Teams may develop Proposed Projects other than to address Needs.

4.3 Participation in Study Teams

Any Planning Party, Affected Person, 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 are to 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 is to 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 is to 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~~ Study Team assist in Project development, the Planning Party proposing such Project is to assume primary responsibility for leading and performing necessary analytical work in the Study Team.

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

ColumbiaGrid is to participate in each Study Team and, as needed, manage and facilitate the Study Team process. ColumbiaGrid is to post drafts of summaries of the progress of the Study Teams, including developing plans of service.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first paragraph of this section 4.3 to add the following at the end of and as part of such paragraph:

With respect to an ITP, and consistent 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.

4.4. Formation of Study Teams

Under section 4.4 of Appendix A of the PEFA, ColumbiaGrid Staff is to (a) 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 the Need Statements and soliciting participation in a Study Team to address each Need Statement; ~~(b) inform Planning Parties and “Interested [Persons]”~~ (see PEFA Appendix A, section 4.4) regarding those Study Teams that have been requested in accordance with the PEFA for purposes other than addressing Needs; (c) consider convening Study Teams that address more than one Need Statement; and (d) monitor the progress of each Study Team and, 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.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 4.4 to read in its entirety as follows:

Under section 4.4 of Appendix A of the PEFA, Staff is to (a) hold a public meeting, with general notice to Planning Parties and Relevant State and Provincial Agencies and other Interested Persons and provide 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; (b) also inform Planning Parties and Interested Persons regarding those Study Teams that have been requested in accordance with the PEFA for purposes other than addressing Needs; (c) also consider convening Study Teams that address more than one Need Statement; and (d) monitor the progress of each Study Team and, 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 Needs Statements

5.1 Formation of Study Teams

Under section 4.4 of Appendix A of the PEFA, ColumbiaGrid is to 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 is to give specific notice to those TOPPs that ColumbiaGrid anticipates may be affected.

5.2 Elements of an EOP

Under the PEFA, an EOP in a Biennial Plan (or Plan Update) is to 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 is not to impose unmitigated Material Adverse Impacts on the RIS.

5.3 Non-Transmission Alternative

As part of the Study Team process, the Study Team is to, as provided in section 2.4 of Appendix A of the PEFA, evaluate, using factors that include those identified in section 2.3 of Appendix A of the PEFA, any Non-Transmission Alternative proposed by a Study Team participant. (Examples of Non-Transmission Alternatives may include demand-side load reduction programs, peak-shaving projects, and distributed generation.) 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, under the PEFA, a Proposed EOP is to be 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 the PEFA 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 "[p]roposed Near-Term EOP", ColumbiaGrid Staff is to make a recommendation for any unresolved element(s) of a "[p]roposed Near-Term EOP" and may, as ColumbiaGrid Staff finds appropriate, present fully-developed alternatives for the Board's consideration (*see* PEFA Appendix A, section 5.4). ColumbiaGrid Staff is to 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, ColumbiaGrid Staff is to 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 is to allocate costs, in a form of a Facilities Agreement, to the TOPP causing the EOP Need. ColumbiaGrid may also allocate costs to a TOPP in a Facilities Agreement whose EOP Need does not give rise to the Staff-Recommended EOP but that has a EOP Need during the Planning Horizon that is met by such Staff-Recommended EOP; *provided that* ColumbiaGrid is not to 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. ColumbiaGrid Staff is not to allocate costs based upon other potential future system benefits. When ColumbiaGrid Staff submits the Draft Plan to the Board for approval, ColumbiaGrid Staff is to identify such elements and is to include a summary analysis of minority positions on any aspect of such Staff-Recommended EOP.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first sentence of the second paragraph of this section 5.4 to read as follows:

In the event that such Affected Persons do not reach agreement on any element(s) of a proposed Near-Term EOP, the Staff is to make a recommendation for any unresolved element(s) of a proposed Near-Term EOP and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration.

6. Requested Service Projects

6.1 Receipt of Transmission Service or Interconnection Request:

Each TOPP is to 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 the PEFA, eligible TOPPs may sign such agreement. With respect to any request for transmission service or interconnection received by any Planning Party, including Transmission Provider, nothing in this Attachment K shall, and nothing ~~in~~the PEFA is to, preclude any Planning Party from responding if and as such Planning Party determines is otherwise appropriate under its Open Access Transmission Tariff.

6.2 Requested Service Assessment; Formation of Study Teams:

Under section 6.2 of Appendix A of the PEFA, 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 is to notify ColumbiaGrid that it has a request for a study. ColumbiaGrid is to perform a Requested Service Assessment to determine which transmission systems,

including those of non-Planning Parties, are affected.

Under section 6.2 of Appendix A of the PEFA, 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 is to notify ColumbiaGrid of such request and such determination. ColumbiaGrid is to perform a Requested Service Assessment to determine which transmission systems, including those of non-Planning Parties, are affected.

In each such instance in section 6.2 of Appendix A of the PEFA, ColumbiaGrid is to 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 Open Access Transmission Tariff and applicable law. ColumbiaGrid, in consultation with Planning Parties and Interested Persons, is to cluster requests for purposes of performing studies when practical. The TOPP with the request is to 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 is to develop a solution to provide sufficient capacity to serve the request.

Under section 6.2 of Appendix A of the PEFA, upon execution of a study agreement, ColumbiaGrid is to (subject to any applicable confidentiality requirements under the Open Access Transmission Tariff 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 is to from time to time update the posting to provide other pertinent information.

6.3 Elements of a Requested Service Project:

The Study Team is to collaboratively develop a Proposed Requested Service Project. Each TOPP that receives a transmission service or interconnection request is to retain its obligation under its Open Access Transmission Tariff 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) is to 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 to be 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 to be 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, ColumbiaGrid Staff is to make a recommendation for any unresolved element(s) and may, as ColumbiaGrid Staff finds appropriate, present fully-developed alternatives for the Board's consideration. ColumbiaGrid Staff is to 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, ColumbiaGrid Staff is to 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, in the absence of an Order 1000 Cost Allocation, is to endeavor to make an equitable allocation of costs of such Staff-Recommended Requested Service Project based upon the affected TOPP's Tariff requirements and the delay or elimination of the EOP Need. ColumbiaGrid may allocate costs in a Facilities Agreement to a TOPP that has a EOP Need during the Planning Horizon that is met by the Staff-Recommended Requested Service Project; *provided that* ColumbiaGrid is not to 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. ColumbiaGrid Staff is not to allocate costs based upon other potential future system benefits. A ColumbiaGrid Staff-Recommended Requested Service Project is not to have any unmitigated Material Adverse Impacts resulting from such Project on any transmission systems. ColumbiaGrid Staff may present more than one Staff-Recommended Requested Service Project for the Board to select from. When ColumbiaGrid Staff submits the Staff-Recommended Project to the Board for approval, ColumbiaGrid Staff is to identify any unresolved element(s) and is to 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 is to be included in the Plan.

7. Single System Projects

7.1 Notification of Single System Projects:

Under the PEFA, each Planning Party is to 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 ColumbiaGrid Staff under section 3 of Appendix A of the PEFA identifies an EOP Need on a single Transmission

System, ColumbiaGrid Staff is to 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 is to inform ColumbiaGrid of such resolution. In such instances, ColumbiaGrid Staff is to 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, in accordance with section 7.2 of Appendix A of the PEFA, a Study Team to evaluate Material Adverse Impacts resulting from a potential Single System Project, and if a Study Team has not otherwise been requested under section 7.3 of Appendix A of the PEFA for such Project, ColumbiaGrid is to convene a Study Team to evaluate Material Adverse Impacts. If there are no unmitigated Material Adverse Impacts, ColumbiaGrid is to 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 to be a Single System Project.

7.3 Formation of Study Team for Project Development

If a TOPP requests in accordance with section 10 of Appendix A of the PEFA an Order 1000 Cost Allocation for a Proposed Single System Project on its Transmission System, such TOPP is to develop such Project through a ColumbiaGrid Study Team. Upon receipt of such a request, ColumbiaGrid is to 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 is to 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 is to 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 is to 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 is to include its recommendation in the Draft Plan.

8. Capacity Increase Projects

8.1 Notification of Capacity Increase Projects:

Under the PEFA, each Planning Party is to 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 is to convene such Study Team for such purposes. 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 is to 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 is to 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 is to 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 of Appendix A of the PEFA, ColumbiaGrid is to convene such 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) is to 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 of Appendix A of the PEFA, 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 are to 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 to be non-binding but can be used by the Study Teams to facilitate agreement on cost allocation.

If ColumbiaGrid is otherwise unable to arrive at a non-binding recommendation

for cost allocation as provided in this section, ColumbiaGrid's non-binding recommendation is 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.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 8.4 to read in its entirety as follows:

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 to be 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 section 8.4 of Appendix A of the PEFA, ColumbiaGrid's non-binding recommendation is to 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:

Under the PEFA, prior to including any Proposed Project in a Draft Biennial Plan or Draft Plan Update, ColumbiaGrid Staff is to 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 is not to 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.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 9.1 to read in its entirety as follows:

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, ColumbiaGrid Staff is to 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 is not to 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, ColumbiaGrid Staff is to establish a Study Team to evaluate and develop the expansion. Those Planning Parties or Interested Persons who are interested in becoming Project sponsors are to assume primary responsibility for leading and performing necessary analytical work, and are to be responsible for the study costs of evaluating the expansion.

9.3 Completion of a Proposed Expanded Scope Project

ColumbiaGrid Staff is to 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 is to 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 Projects, (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 Service Project would not have unmitigated Material Adverse Impacts.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 9.3 to read in its entirety as follows:

9.3 Completion of a Proposed Expanded Scope Project

ColumbiaGrid Staff is to 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 is to 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 of the PEFA governing ColumbiaGrid cost allocation recommendations for such types of Projects are to 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 of Appendix A of the PEFA 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 of Appendix A of the PEFA, and (iii) such Proposed Project is selected as an Order 1000 Project in accordance with section 10.1.2 of Appendix A of the PEFA.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first paragraph of this section 10.1 to read in its entirety as follows:

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 of Appendix A of the PEFA 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 of Appendix A of the PEFA, (iii) such Proposed Project is selected as an Order 1000 Project in accordance with section 10.1.2 of Appendix A of the PEFA, 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 Appendix A of the PEFA.

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 is to request Order 1000 Cost Allocation at the time such Order 1000 Sponsor requests a Study Team for Project development in accordance with section 7.3 of Appendix A of the PEFA. Any request for an Order 1000 Cost Allocation is to be submitted in writing to ColumbiaGrid. ColumbiaGrid is to 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 is not to result in consideration of a Proposed Project for selection as an Order 1000 Project for the “[P]lan” (*see* PEFA Appendix A, section 10.1.1) then under development.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the last sentence of this section 10.1.1 to read as follows:

Any request submitted after the applicable foregoing deadline is to be not timely and is not to result in consideration of a Proposed Project for selection as an Order 1000 Project for the 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 of Appendix A of the PEFA for Order 1000 Cost Allocation for such Proposed Project, the Staff is to make a preliminary determination whether such Project qualifies as an Order 1000 Project pursuant to section 10.1.2.1 of Appendix A of the PEFA. ColumbiaGrid is to 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 are to 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 is to 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 section 10 of Appendix A of the PEFA 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 is to 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 section 10.1.2 of ~~Appendix~~Appendix A of the PEFA, so long as at least one such Order 1000 Sponsor's request has not been withdrawn, ColumbiaGrid is to 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 section 10 of Appendix A of the PEFA, the Proposed Project is not to 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 the PEFA had an Order 1000 Sponsor not requested Order 1000 Cost Allocation, ColumbiaGrid is to make a Non-Order 1000 Cost Allocation in accordance with the PEFA.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first sentence of the third paragraph of this section 10.1.2 to read as follows:

If all Order 1000 Sponsors that requested an Order 1000 Cost Allocation for a Proposed Project timely withdraw such requests in accordance with section 10.1.2 of Appendix A of the PEFA, the Proposed Project is not to be identified as an Order 1000 Project in the Biennial Plan.

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 Appendix A of the PEFA, the Study Team or ColumbiaGrid, as appropriate, is to 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 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 Appendix A of the PEFA;

and

(ii) the Order 1000 Sponsor(s):

- a. is found by ColumbiaGrid to meet the Order 1000 Sponsor qualifications set out in section 10.1.2.2 of Appendix A of the PEFA; *provided that* if ColumbiaGrid finds that the Order 1000 Sponsor(s) does not meet such qualifications, ColumbiaGrid is to give to such Order 1000 Sponsor(s) written notice describing the deficiencies, and such Order 1000 Sponsor(s) is to 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 is to 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 criteria in section 10 of Appendix A of the PEFA, ColumbiaGrid is to 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 section 10.1.2 of Appendix A of the PEFA, ColumbiaGrid is not to select the Proposed Project as an Order 1000 Project and is to document in the Draft Plan and Biennial Plan an explanation of why such Project was not selected as an Order 1000 Project.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise item (i)b. of this section 10.1.2.1 to read as follows:

b. _____ is confirmed by the Study Team or ColumbiaGrid, as appropriate, to be the more cost effective or efficient solution to meet such Need(s);

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the last paragraph of this section 10.1.2.1 to read as follows:

If the Order 1000 Sponsor(s) and its Proposed Project meet the above-listed criteria, ColumbiaGrid is to 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 section 10.1.2 of Appendix A of the PEFA, ColumbiaGrid is not to select the Proposed Project as an Order 1000 Project and is to 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 section 10.1.2.2 of Appendix A of the PEFA, ColumbiaGrid is to 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 section 10 of Appendix A of the PEFA 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 is to be a TOPP at the time Order 1000 Cost Allocation is requested in accordance with section 10 of Appendix A of the PEFA for the proposed Order 1000 Project. The following factors are to be considered in determining such Order 1000 Sponsor's eligibility:

- (i) 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;
- (ii) the financial resources of the Order 1000 Sponsor;
- (iii) 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;
- (iv) 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
- (v) demonstrated cost containment capability and other advantages or disadvantages the Order 1000 Sponsor may have in developing and constructing the proposed Order 1000 Project.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first sentence of the second paragraph of this section 10.1.2.2 to read as follows:

Such Order 1000 Sponsor is to be a TOPP or an ITP Proponent, as the case may be, at the time Order 1000 Cost Allocation is requested in accordance with section 10 of Appendix A of the PEFA for 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 of Appendix A of the PEFA, ColumbiaGrid is to 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 is to apply the Order 1000 Cost Allocation Methodology as set forth in section 10.3 of Appendix A to the PEFA 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 of Appendix A of the PEFA, ColumbiaGrid is to 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 is to 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 is to 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 is to 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 are to include, as appropriate:

- (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 1.37 of the body of the PEFA,

- (i) the avoided costs of deferred transmission facilities are to 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 are ~~to be~~ to 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 is to 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 1.37 of the body of the PEFA, the projected cost that the TOPP(s) would, but for the Order 1000 Project, have otherwise incurred is to be:

- (i) 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 is to be determined using straight-line depreciation of the projected capital costs of such facilities over their depreciable lives); plus

- (ii) 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 of Appendix A of the PEFA, the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s) are to be equal to the projected capital costs of the Order 1000 Project.

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

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 10.3.2.2 to read in its entirety as follows:

10.3.2.2 Calculation of Order 1000 Benefits.

For purposes of calculating Order 1000 Benefits under item (i)a. of section 1.46 of the body of the PEFA,

- (i) the avoided costs of deferred transmission facilities are to 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 are to 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 is to 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 1.46 of the body of the PEFA, the projected cost that the TOPP(s) would, but for the Order 1000 Project, have otherwise incurred is to be:

- (i) 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 is to be determined using straight-line depreciation of the projected capital costs of such facilities over their depreciable lives); plus

(ii) 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 of Appendix A of the PEFA, the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s) are to 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 is to be deemed under the PEFA 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 is to allocate the costs of such Order 1000 Project as follows:

10.3.3.1 Cost Allocation to Non-Order 1000 Sponsors

ColumbiaGrid is to 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 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)) | = | 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))) |
|---|---|--|

10.3.3.2

Cost Allocation to Order 1000 Sponsors

ColumbiaGrid is to allocate to the Order 1000 Sponsor(s) in aggregate an amount of the projected costs of such Order 1000 Project equal to the amount, if any, by which the projected costs 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 of Appendix A of the PEFA 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:

| | | |
|--|---|--|
| The sum of the Order 1000 Cost Allocation(s) to the Order 1000 Beneficiary(ies) that is an Order 1000 Sponsor | = | 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 |
|--|---|--|

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 10.3.3 to read in its entirety as follows:

10.3.3 Cost Allocation

For purposes of the Order 1000 Cost Allocation for an Order 1000 Project, ColumbiaGrid is to 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 Cost Allocation to Non-Order 1000 Sponsors

ColumbiaGrid is to 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:

| | | |
|--|----------|--|
| <p><u>Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) for any Order 1000 Project that is not an ITP</u></p> | <p>≡</p> | <p><u>The lesser of:</u> <u>(1) Such Order 1000 Beneficiary's Order 1000 Benefits, or</u> <u>(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)))</u></p> |
| <p><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></p> | <p>≡</p> | <p><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></p> |

10.3.3.2 Cost Allocation to Order 1000 Sponsors

ColumbiaGrid is to 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 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 of Appendix A of the PEFA to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor.

Such allocation to Order 1000 Sponsor(s) may be algebraically represented as follows:

| | | |
|--|----------|---|
| <u>The Order 1000 Cost Allocation(s) to the Order 1000 Sponsor(s) in aggregate for any Order 1000 Project that is not an ITP</u> | \equiv | <u>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)</u> |
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| <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> | \equiv | <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> |
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10.4 Preliminary Order 1000 Cost Allocation Report

The Staff is to 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 is to share its draft Preliminary Order 1000 Cost Allocation Report with any TOPPs 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 is to provide an opportunity for written comment for a period of 30 days following the issuance of such draft report. The Staff is to 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 is to 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 is to 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 is to 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 is to include such Preliminary Order 1000 Cost Allocation Report in the Draft Plan.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first sentence of the second paragraph of this section 10.4 to read as follows:

Subject to any applicable provisions for protection of Confidential Information and CEIL, the Staff is to 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 is to provide an opportunity for written comment for a period of 30 days following the issuance of such draft report.

10.5 Board Approval of Order 1000 Cost Allocation

The Board is to 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 of Appendix A of the PEFA the Board is to review the Draft Plan in an open, public process. If such Preliminary Order 1000 Cost Allocation Report is acceptable in its entirety, the Board is to approve and finalize such report as part of its adoption of the Biennial Plan, and the approved and finalized Order 1000 Cost Allocation Report is to 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.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 10.5 to read in its entirety as follows:

10.5 Board Approval of Order 1000 Cost Allocation

The Board is to 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 Plan and, as set out in section 11.2 of Appendix A of the PEFA, the Board is to review the Draft Plan in an open, public process. If such Preliminary Order 1000 Cost Allocation Report is acceptable in its entirety, the Board is to approve and finalize such report as part of its adoption of the Plan, and the approved and finalized Order 1000 Cost Allocation Report is to be included in such 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:

Under the PEFA, ColumbiaGrid Staff is to prepare a Draft Plan based upon the ColumbiaGrid transmission planning process that contains the following Projects and information:

- (A) Recommended Projects
 - (i) EOPs
 - (a) Recommended Near-Term EOPs
 - (1) 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
 - (2) 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 ColumbiaGrid Staff-recommended elements, such as cost or capacity allocation; *provided that* ColumbiaGrid 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* ColumbiaGrid Staff is to also provide for informational purposes the alternative opinions developed during the study process;

- (b) 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;
 - (c) 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
 - (d) A list of Non-Transmission Alternatives that resulted in a deferral or elimination of an EOP Need;
- (ii) Recommended Requested Service Projects
- (a) 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;
 - (b) “Staff-Recommended Requested [Service] Projects” (*see* PEFA Appendix A, section 11.1.1(i)b.2), 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 ColumbiaGrid Staff-recommended elements;
- (c) A list of Non-Transmission Alternatives, if any, that could result in a deferral or elimination of a Requested Service Project; and
 - (d) 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;
- (iii) Capacity Increase Projects
- (a) 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;
 - (b) 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 is to 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;
 - (c) Capacity Increase Projects submitted for inclusion in the Draft Plan for informational purposes;
 - (d) An identification of unmitigated Material Adverse Impacts on any transmission system;

- (e) A list of Non-Transmission Alternatives, if any, that could result in a deferral or elimination of a Capacity Increase Project; and
 - (f) 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;
- (iv) Single System Projects for which the Order 1000 Sponsor has requested a Study Team for Project development;
- (a) 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;
 - (b) 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 is to 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
 - (c) A list of Non-Transmission Alternatives, if any, that could result in a deferral or elimination of a Single System Project;
- (v) Single System Projects submitted for inclusion in the Draft Plan for informational purposes; and
- (vi) Expanded Scope Projects; including a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system;
- (B) Order 1000 Projects

- (i) A list of Order 1000 Projects;
- (ii) A list of Proposed Project(s) for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A of the PEFA but which did not qualify as an Order 1000 Project(s) and the deficiencies that precluded its selection as an Order 1000 Project; and
- (iii) Preliminary Order 1000 Cost Allocation Reports for each Order 1000 Project;
 - (a) System Assessment Report and Need Statements;
 - (b) A list of Study Teams and their participants;
 - (c) 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
 - (d) Other information that the Board may find helpful in making its decision.

In preparing the Draft Plan, ColumbiaGrid Staff is to solicit and consider the comments of Interested Persons, Affected Persons, and Planning Parties. ColumbiaGrid Staff is to 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* ColumbiaGrid Staff is to redact Confidential Information and CEII from the Draft Plan that is made public. ColumbiaGrid Staff is to include such redacted information in the Draft Plan submitted to the Board. ColumbiaGrid Staff is to include the documentation as ColumbiaGrid 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 is to 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.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise item (A)(ii)(b) of this section 11.1.1 to read as follows:

- (b) Staff-Recommended Requested 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;

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise item (B) of this section 11.1.1 to read as follows:

- (B) Order 1000 Projects and ITPs
 - (i) A list of Interregional Transmission Projects;
 - (ii) A list of Order 1000 Projects;
 - (iii) A list of Proposed Project(s) for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A of the PEFA but which did not qualify and the deficiencies that precluded its selection as an Order 1000 Project; and
 - (iv) Preliminary Order 1000 Cost Allocation Reports for each Order 1000 Project;
- (C) System Assessment Report and Need Statements;
- (D) A list of Study Teams and their participants;
- (E) 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
- (F) Other information that the Board may find helpful in

making its decision.

In preparing the Draft Plan, ColumbiaGrid Staff is to solicit and consider the comments of Interested Persons, Affected Persons, and Planning Parties. ColumbiaGrid Staff is to 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 ColumbiaGrid Staff is to redact Confidential Information and CEII from the Draft Plan that is made public. ColumbiaGrid Staff is to include such redacted information in the Draft Plan submitted to the Board. ColumbiaGrid Staff is to include the documentation as ColumbiaGrid 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 is to 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:

ColumbiaGrid Staff is to submit the Draft Plan for Board adoption at a time interval no greater than every two years.

11.2 Review Process:

The Board is to review the Draft Plan in an open, public process. In doing so, the Board is to make available the “[D]raft Plan” (*see* PEFA Appendix A, section 11.2), 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.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the second sentence of this section 11.2 to read as follows:

In doing so, the Board is to make available the Draft Plan, study reports and electronic data files, subject to appropriate protection of Confidential Information and CEII to all Planning Parties and Interested Persons and provide the public an opportunity to supply information and provide written or oral comments to the Board.

11.3 Basis for Plan Adoption:

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

11.4 Plan Adoption:

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

11.4.1 Recommended Projects:

(A) EOPs

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

(B) Requested Service Projects

- (i) Recommended Requested Service Projects. The Board is to review and may approve the Study Team's determination that each Recommended Requested Service Project (a)

serves its underlying transmission service or interconnection request and (b) does not result in any unmitigated Material Adverse Impacts on any transmission system; *provided that* no Recommended Requested Service Project is to 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 is to be remanded to ColumbiaGrid Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

- (ii) Staff-Recommended Requested Service Projects. The Board is to review and may approve ColumbiaGrid 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 is to be included in any Plan unless the requestor and all Affected Persons agree upon such Requested Service Project. The Board is to 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 are to be remanded to ColumbiaGrid 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.

(C) 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 is to 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 is to note such Material Adverse Impacts in the Plan and such Project is to 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 planning or path rating process; and

(ii) with respect to Staff-Recommended Capacity Increase Projects, the Board is to 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 is to 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 are to 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.

(D) 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 is to review and may approve the Study Team's determination that such Single System Project (a) meets its underlying Need Statement(s) and (b) does not impose unmitigated Material Adverse Impacts; and

(ii) with respect to Staff-Recommended Single System Projects, the Board is to 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 is to 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 are to 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.

(E) Expanded Scope Projects

The Board is to 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 is not to 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 is to remand such Project to ColumbiaGrid Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

(F) Order 1000 Information.

The Board is to 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 is to 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 ColumbiaGrid Staff and a Study Team for further analysis and discussion, the Board is to identify specific questions or concerns to be answered or further researched by ColumbiaGrid 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 ColumbiaGrid Staff, Planning Parties, and Interested Persons for further analysis and discussion. The Board and ColumbiaGrid Staff are to attempt to minimize the total number of times a Project is remanded.

11.4.4 Reconsideration Process:

The Board is to 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 (10) 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 is to 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 is to pursue the reconsideration process. The reconsideration process is to provide for input from all involved Persons (including Planning Parties) and ColumbiaGrid Staff, and the Board is to make its reconsidered decision known within ninety (90) days from the date of the request. If, upon reconsideration, the Board modifies its decision, the modification is to also be subject to a petition for reconsideration.

11.4.5 Post-Board Approval Project Modifications:

In the event 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, ColumbiaGrid Staff is to 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. ColumbiaGrid Staff is to communicate the results of its findings to the

Board as follows.

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

is to provide a recommendation to the Board on what actions if any the Board should take. For example, the ColumbiaGrid 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.

11.4.6 Board Consideration:

In these situations, the Board is to consider the ColumbiaGrid Staff recommendation and is to accept the recommendation or ask ColumbiaGrid Staff to reconsider its recommendation in light of additional factors that the Board may want included in the recommendation. No Project modification pursuant to section 11.4.5 of Appendix A of the PEFA is to be deemed to amend any Facilities Agreement, and any amendment to any Facilities Agreement is to 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 the PEFA).

12. ColumbiaGrid Non-Order 1000 Cost Allocation

Under the PEFA, ColumbiaGrid is to provide cost allocation recommendations pursuant to provisions of the PEFA other than section 10.3 of Appendix A of the PEFA (such as

sections 5.4, 6.4, 8.4, or 9.4 of Appendix A of the PEFA), which facilitate the development of mutual agreement by parties on cost allocation. As discussed above, broad-based Study Teams are to be used extensively in the ColumbiaGrid processes, including the development of cost allocation recommendations. Study Teams are intended to be the primary tool for participation by Planning Parties, Affected Persons, and Interested Persons, in the development of Projects defined and included in the Plan of ColumbiaGrid. Non-Order 1000 Cost Allocation recommendations by ColumbiaGrid under the PEFA with respect to certain types of Projects are discussed above and are summarized as set forth below in this section.

In making Non-Order 1000 Cost Allocation recommendations, ColumbiaGrid is, subject to the PEFA, to consider: (i) whether a cost allocation proposal fairly assigns costs among participants, including those who cause them to be incurred, and those who otherwise benefit from them; (ii) whether a cost allocation proposal provides adequate incentives to construct new transmission; and (iii) whether the proposal is generally supported by State authorities and participants across the region.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first sentence of the first paragraph of this section 12 to read as follows:

Under the PEFA, ColumbiaGrid is to provide cost allocation recommendations pursuant to provisions of the PEFA other than section 10.3, 13, or 14 of Appendix A of the PEFA (such as section 5.4, 6.4, 8.4, or 9.4 of Appendix A of the PEFA), which facilitate the development of mutual agreement by parties on cost allocation.

12.1 EOPs

12.1.1 An EOP is to include an associated cost allocation to be included in a ColumbiaGrid Biennial Plan or Plan Update. As described in section 5.4 of Appendix A of the PEFA, ColumbiaGrid is to make a recommendation on cost allocation for a “[p]roposed Near-Term EOP” (*see* PEFA Appendix A, section 5.4), in the event that agreement is not reached on such cost allocation.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 12.1.1 to read in its entirety as follows:

An EOP is to include an associated cost allocation to be included in a ColumbiaGrid Biennial Plan or Plan Update. As described in section 5.4 of Appendix A of the PEFA, ColumbiaGrid is to make a recommendation on cost allocation for a proposed Near-Term EOP, in the event that agreement is not reached on such cost allocation.

12.1.2 When the ColumbiaGrid Staff submits the Draft Plan to the ColumbiaGrid Board for approval, the Staff is to make a recommendation for the cost allocation elements of any Near-Term EOP upon which Affected Persons have not reached agreement. The ColumbiaGrid Board is to review and may approve or remand to Staff a recommended cost-allocation for each Staff-Recommended EOP. Staff may, in cooperation with the Study Team, revise the remanded recommendation and resubmit it to the ColumbiaGrid Board. However, the ColumbiaGrid Board may also modify a recommendation by ColumbiaGrid Staff of cost allocation for the EOP to the extent such modification is supported by the record.

12.2 Requested Service Projects

A Requested Service Project is to include an associated cost allocation to be included in a ColumbiaGrid Biennial Plan or Plan Update. As described in section 6.4 of Appendix A of the PEFA, ColumbiaGrid is to make a recommendation on cost allocation for a Proposed Requested Service Project, in the event that agreement is not reached on such cost allocation.

12.3 Capacity Increase Project Cost Allocation

A Capacity Increase Project is to include an associated cost allocation to be included in a Biennial Plan (or Plan Update). As described in section 8 of Appendix A of the PEFA, ColumbiaGrid is to make a recommendation on cost allocation for a Proposed Capacity Increase Project, in the event that agreement is not reached on such cost allocation and a cost allocation recommendation is requested from ColumbiaGrid.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this Part IV to add new sections 13 and 14 to read as follows:

13. Order 1000 ITPs and Interregional Cost Allocation

Section 13 of Appendix A of the PEFA 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 section 13 of Appendix A of the PEFA 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 Appendix A of the PEFA 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 Appendix A of the PEFA, 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 Appendix A of the PEFA 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 Appendix A of the PEFA, 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 section 13.4.2 of Appendix A of the PEFA 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 section 13.4.2 of Appendix A of the PEFA 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 Appendix A of the PEFA, 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 Appendix A of the PEFA, 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 Appendix A of the PEFA) to each Relevant Planning Region using the methodology described in section 13.5.2 of Appendix A of the PEFA.

For each ITP that meets the requirements of section 13.5.1 of Appendix A of the PEFA, 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 section 13.5.2 of Appendix

A of the PEFA 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 section 13.5.2 of Appendix A of the PEFA in the same general time frame as its joint evaluation activities pursuant to section 13.4.2 of Appendix A of the PEFA.

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 Appendix A of the PEFA 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 Appendix A of the PEFA 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 Appendix A of the PEFA in accordance with its regional cost allocation methodology, as applied to ITPs.

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 Appendix A of the PEFA or seeks to request Interregional Cost Allocation pursuant to section 13.5 of Appendix A of the PEFA must either be a Planning Party or must enter into an ITP Agreement with ColumbiaGrid, which ITP Agreement is to be substantially in the form attached to the PEFA 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 Appendix A of the PEFA is to be accomplished as set forth in section 14.2 of Appendix A of the PEFA. Section 14.2 of Appendix A of the PEFA is not to 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

Appendix A of the PEFA by submitting a written request for such evaluation to ColumbiaGrid; provided that ColumbiaGrid is to 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 Appendix A of the PEFA, and (2) such written request includes a list of all other Planning Regions to which the ITP is being submitted for joint evaluation.

ColumbiaGrid is to 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 is to notify the TOPP or ITP Proponent in writing, and the TOPP or ITP Proponent is to 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 section 14.2 of Appendix A of the PEFA. If a TOPP or ITP Proponent fails to provide such evidence, the TOPP's or ITP Proponent's ITP is to be deemed withdrawn and is not to be eligible for evaluation pursuant to section 13.4.2 of Appendix A of the PEFA.

Prior to commencing the joint evaluation of an ITP pursuant to section 13.4.2 of Appendix A of the PEFA, ColumbiaGrid is to 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 Appendix A of the PEFA, which, to the extent permitted by law, is to 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 Appendix A of the PEFA is to submit to ColumbiaGrid the information required by the last paragraph of section 14.2 of Appendix A of the PEFA.

14.3 Joint Evaluation Implementation

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

- (i) development of such ITP is to 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 Appendix A of the PEFA is to be through the development and evaluation of such

ITP as a Proposed Project through the ColumbiaGrid regional planning process under the PEFA.

Upon receipt of a properly submitted request for such evaluation pursuant to sections 13.4.1 and 14.2 of Appendix A of the PEFA, ColumbiaGrid is to 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 Appendix A of the PEFA and for which Interregional Cost Allocation for such ITP has been timely requested pursuant to section 10.1 of Appendix A of the PEFA, ColumbiaGrid (if and so long as it is a Relevant Planning Region) is to:

- (i) pursuant to item (c) of section 13.5.2 of Appendix A of the PEFA, 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 Appendix A of the PEFA, 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 Appendix A of the PEFA, 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 is to be equal to the product of the projected costs of such ITP multiplied by a fraction, the numerator of which is to 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 is to 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 Appendix A of the PEFA, 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 Appendix A of the PEFA.

Pursuant to item (e) of section 13.5.2 of Appendix A of the PEFA, ColumbiaGrid is to 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 Appendix A of the PEFA, 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 section 14.4 of Appendix A of the PEFA may be reperformed as a result of application of section 13.6.2 of Appendix A of the PEFA.

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 Appendix A of the PEFA 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 Appendix A of the PEFA, ColumbiaGrid (if and so long as it is a Relevant Planning Region) is to determine, as required by section 13.5.2(f) of Appendix A

of the PEFA, whether to select the ITP as an Order 1000 Project in accordance with section 10.1 of Appendix A of the PEFA, based on its regional transmission planning process and taking into account the Total Regional Costs from Interregional Cost Allocation.

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

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 Appendix A of the PEFA, ColumbiaGrid is to 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 Appendix A of the PEFA, 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 Appendix A of the PEFA.

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

13. Dispute Resolution

See Part VII of this Attachment K.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section to renumber the heading so that the heading for this section reads as follows:

15. Dispute Resolution

14. Economic Studies

See Part VI of this Attachment K.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section to renumber the heading so that the heading for this section reads as follows:

16. Economic Studies

15. Western Interconnection Planning Group Coordination

ColumbiaGrid is sometimes referred to as a Western Interconnection sub-regional planning group (“SPG”) and coordinates with other SPGs for projects and studies that involve ColumbiaGrid and one or more other SPGs. In addition, ColumbiaGrid is to participate in the Western Interconnection planning process through regular joint SPG meetings (at least three times yearly) as described in the Regional Planning (Western Interconnection) section of ColumbiaGrid’s Policy Statement Regarding Planning—Coordinated, Open and Transparent Planning Processes for Single and Multiple Transmission Systems, which is available at <http://www.columbiagrid.org/AttachK-documents.cfm>. The purpose of these meetings is to review and coordinate study activities, to work on development of WECC base case assumptions and requests, to share planning information, and to coordinate requests to WECC for economic studies.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section to renumber the heading so that the heading for this section reads as follows:

17. Western Interconnection Planning Group Coordination

PART V

COORDINATION WITH THE INTERCONNECTION WIDE PLANNING PROCESS (WECC)

1. TRANSMISSION PROVIDER

The Transmission Provider is an active member in the Western Electricity Coordinating Council ("WECC"), including the Regional Planning Process, the Project Rating Process and the committees outlined below. The WECC is the organization through which the Transmission Provider performs regional coordination.

2. SUBREGIONAL PLANNING GROUP COORDINATION

ColumbiaGrid is a regional planning group (identified by WECC as a Subregional Planning Group or "SPG") that coordinates with other SPGs for projects and studies that involve ColumbiaGrid and one or more other SPGs. In addition, ColumbiaGrid participates in the interconnection wide planning process through regular joint SPG meetings (which are held at least three times yearly). The purpose of these meetings is to review and coordinate study activities, to work on development of WECC base case assumptions and requests, to share planning information, and to coordinate requests to WECC for economic studies.

3. WESTERN ELECTRIC COORDINATION COUNCIL

3.1 WECC is to provide interconnection wide planning coordination through the following functions:

- (A) WECC develops the Western Interconnection wide data bases for transmission planning analysis such as power flow and stability studies.
- (B) WECC also maintains a data base for reporting the status of significant planned projects throughout the Western Interconnection.
- (C) WECC promotes coordination of significant planned projects through its WECC Regional Planning Project Review procedures. These procedures are to be implemented by the project sponsor within its planning process or by a Western Interconnection subregional planning group at the request of a project sponsor.
- (D) The WECC Procedure for Project Rating Review provides a process for coordination of path ratings, including consideration of adverse impacts on existing paths.

3.2 The primary planning coordination forums in WECC include the Planning Coordination Committee (PCC) and the Transmission Expansion Planning Policy

Committee (TEPPC). These committees are to meet at least three times each year and are responsible for developing materials for the WECC coordination activities listed above. Individual entities can participate in planning at the WECC level by attending meetings of these committees and reviewing and commenting on proposed transmission plans and policies. Individual entities can participate in the majority of WECC activities without being a member of WECC, although there are many privileges that come with membership such as committee voting rights.

3.3 Western Interconnection wide Economic Planning Studies are to be conducted by the TEPPC, a committee formed by WECC, in an open stakeholder process that holds region-wide stakeholder meetings on a regular basis. The TEPPC planning process and protocols are posted on the WECC website (see www.wecc.biz). The Transmission Provider shall participate in the TEPPC planning processes, as appropriate, to ensure data and assumptions are coordinated. TEPPC is to provide the following functions in relation to Economic Planning Studies in the Transmission Provider transmission planning process:

- (A) Development and maintenance of the west-wide economic study database.
 - i. TEPPC uses publicly available data to compile a database that can be used by a number of economic congestion study tools.
 - ii. TEPPC's database is publicly available for use in running economic congestion studies. For an interested transmission customer or stakeholder to utilize WECC's Pro-Mod planning model, it must comply with WECC confidentiality requirements.
- (B) Performance of economic congestion studies. TEPPC has an annual study cycle in which it is to update databases, develop and approve a study plan that includes customer high priority Economic Planning Study requests as determined by the open TEPPC stakeholder process and perform the studies and document the results in a report.

3.4 Additional Information

WECC planning coordination processes are further described in ColumbiaGrid's Policy Statement Regarding Planning—Coordinated, Open and Transparent Planning Processes for Single and Multiple Transmission Systems, which is available at

<http://www.columbiagrid.org/planning-expansion-overview.cfm>.

WECC TEPPC's Transmission Planning Protocol is available on the ColumbiaGrid Website in the Attachment K section at:

<http://www.columbiagrid.org/AttachK-documents.cfm>

or

<http://www.columbiagrid.org/client/TEPPC-Planning-Protocol.pdf>

See also www.wecc.biz.

PART VI

ECONOMIC PLANNING STUDIES

1. Requests for Economic Planning Studies

Transmission Customers or Interested Stakeholders may submit a request for an Economic Planning Study, to evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional basis, to the Transmission Provider. All requests should be submitted to Transmission Provider via electronic mail at **transmission.services@avistacorp.com**. The Transmission Provider will post each request for an Economic Planning Study on Transmission Provider's OASIS. Requests for Economic Planning Studies must be made by October 31 of each year to be incorporated into the next planning cycle.

2. Performance of Economic Planning Studies

2.1 The Transmission Provider will forward all received requests for Economic Planning Studies to ColumbiaGrid. The Transmission Provider will provide for the costs of up to three high priority Economic Planning Studies in each 12-month period starting on November 1. The costs associated with the remaining requests for Economic Planning Studies will be the responsibility of the party that submitted the request. The Transmission Provider may request a deposit equal to the good faith estimate of the cost of completing the study prior to initiation of work. The Transmission Provider will invoice the requesting party within 30 days of any costs not covered by such a deposit.

2.2 Processing of Economic Planning Study Requests

The Transmission Provider will consider the following criteria in processing a request made in accordance with Section 1 of Part VI:

- (A) the feasibility of the requested Economic Planning Studies; and
- (B) the relationship between the requested Economic Planning Studies and potential
 - congestion relief; or
 - integration on an aggregated or regional (or subregional) basis of new resources or new loads

After consideration of the criteria above, the Transmission Provider will determine:

- (A) whether, and to what extent, the requested Economic Planning Study

should be clustered or batched with similar requests; and

- (B) whether the requested Economic Planning Study should be considered a high priority Economic Planning Study.

3. Coordination of Economic Planning Studies

- 3.1.** If a Planning Party forwards to ColumbiaGrid a request for an Economic Planning Study that requires production cost modeling, ColumbiaGrid may forward the request to WECC. ColumbiaGrid will consider these requests during the last scheduled planning meeting of the year (typically held in November or December). The notification for this meeting will be posted on the ColumbiaGrid Website and widely distributed via e-mails. The agenda for this meeting will clearly state if an Economic Planning Study request will be under consideration. The participants at the meeting may provide or receive input on any requested studies. Such input may include, without limitation, consideration of (i) the breadth of interest in, and support for, the requested Economic Planning Study; (ii) the feasibility of the requested Economic Planning Study; (iii) the relationship between the requested Economic Planning Study and potential (a) congestion relief or (b) integration on an aggregated or regional (or sub-regional) basis of new resources or new loads. If the consensus of the participants at that meeting determines that any such request (or any request developed during any such meeting) has sufficient merit to be forwarded to WECC, ColumbiaGrid will submit the study request to WECC during the Economic Planning Study request window, which is between November 1st and January 31st of each year. The TEPPC process and criteria for prioritization of Economic Planning Studies are set forth in section 5 of the TEPPC Planning Protocol located on the ColumbiaGrid Website under the Planning and Expansion program under the Attachment K link at <http://www.columbiagrid.org>. ColumbiaGrid is a member of TEPPC and will participate in TEPPC processes.
- 3.2.** ColumbiaGrid will treat requests received from a Planning Party for Economic Planning Studies, not referred to WECC, as Capacity Increase Projects. Such requests will be processed pursuant to the provisions that govern Capacity Increase Projects of this Attachment K and the PEFA. The PEFA describes the process that ColumbiaGrid would use to form a Study Team. If a Study Team is formed to perform the Economic Planning Study associated with the Capacity Increase Project, the Planning Party that submitted the Economic Planning Study request will be deemed the Capacity Increase Project sponsoring party and will assume primary responsibility for leading and performing necessary analytical work.

4. Effect of Economic Planning Studies

The performance or results of any Economic Planning Study shall not obligate the Transmission Provider to perform any upgrade or modification of its Transmission

System or dictate whether investment in any such upgrade or modification is required to be performed.

PART VII

DISPUTE RESOLUTION

Disputes among PEFA Parties within the scope of the arbitration provisions of the PEFA shall be addressed through the provisions of included therein. However, nothing in this Attachment K restricts the rights of any person to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

Disputes that are not within the scope of PEFA dispute resolution procedures, but that arise out of Attachment K between a Transmission Provider and one or more of its Transmission Customers, shall be addressed pursuant to section 12 (Dispute Resolution Procedures) of the Tariff.

ColumbiaGrid is intended to provide a forum for resolving substantive and procedural disputes. Specifically, ColumbiaGrid is a separate and operationally independent entity that makes decisions or recommendations regarding multi-system planning issues, and thus provides a neutral forum through which transmission customers, transmission providers, Planning Parties, and other stakeholders can raise and address issues arising out of ColumbiaGrid planning activities. All interested persons have an additional opportunity to present their perspectives when the ColumbiaGrid Staff's recommendation is presented to the Board. When reviewing the draft Biennial Plan, the Board can remand items back to ColumbiaGrid Staff for further work and public input.

Disputes that are not within the scope of the foregoing dispute resolution processes, but that arise out of Attachment K in connection with the ColumbiaGrid planning processes, may be addressed, with the agreement of all parties to the dispute, through non-binding mediation using the FERC Dispute Resolution Service or other non-binding mediation mechanism mutually agreeable to all parties to the dispute.

APPENDIX A

DEFINITIONS

The following terms shall have the following definitions when used in this Attachment K. Other terms defined in Section 1 of the Tariff or in the PEFA that is Transmission Provider's Rate Schedule FERC No. CG1 shall have the meanings set forth in such Section 1 of the Tariff or the PEFA where used in this Attachment K.

Additional Entity means at any time each entity (i) that then falls within a Functional Type; but (ii) that is not a NERC Entity.

Additional Interested Stakeholder Data has the meaning set forth in Part III, Section 2.2.3.

Additional Network Service Data has the meaning set forth in Part III, Section 2.2.1.

Additional Transmission Service Data has the meaning set forth in Section Part III, Section 2.2.2.

Avista Proprietary Data means any (i) non-public or confidential trade secrets, commercial or financial information or other information of Transmission Provider, whether of a technical, business or other nature, or (ii) information that has been made available to Transmission Provider by any third party or entity that Transmission Provider is obligated to keep non-public or confidential, used by Transmission Provider in its transmission planning processes pursuant to this Attachment K.

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

Biennial Plan means each biennial transmission plan adopted by the Board pursuant to the PEFA. A "Draft Biennial Plan" refers to a draft of a Biennial Plan presented by ColumbiaGrid Staff to the Board for adoption pursuant to the PEFA, but not yet adopted by the Board.

Board of Directors or **Board** means the Board of Directors of ColumbiaGrid.

Bylaws means the then current bylaws of ColumbiaGrid.

Capacity Increase Project means a voluntary modification of the Regional Interconnected Systems that is:

- (i) for the purpose of increasing transmission capacity on the Regional Interconnected Systems;
- (ii) voluntarily undertaken by one or more Planning Parties; and
- (iii) not an Existing Obligation Project or Requested Service Project.

ColumbiaGrid Staff or **Staff** means the ColumbiaGrid staff, officers, or consultants hired or retained by ColumbiaGrid to perform the Staff's responsibilities under the PEFA. The activities of ColumbiaGrid Staff under this Agreement will be performed under the supervision and guidance of the ColumbiaGrid Board.

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) information that is 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.

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

Data means NERC data, WECC data, Additional Interested Stakeholder Data, Additional Generating Facility Data, Additional Network Service Data and Additional Transmission Service Data provided or deemed provided (or to be provided or to be deemed provided) to Transmission Provider pursuant to this Attachment K.

Designated Person with respect to a form of Facilities Agreement means each of the Persons designated as such pursuant to the PEFA by ColumbiaGrid in such form.

Economic Planning Study shall mean a study to evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional (WECC) basis.

Existing Obligation Project or **EOP** means any modification to be made to the Regional Interconnected Systems that is:

- (i) for the purpose of meeting a Need on a TOPP’s system;
- (ii) not a Single System Project; and
- (iii) approved by the Board and included as an EOP in a Plan.

Expanded Scope Project means any Project that is expanded pursuant to the PEFA.

Facilities Agreement means an agreement tendered by ColumbiaGrid to Designated Parties for purposes of effectuating an EOP pursuant to the PEFA.

Functional Type at any time means each Functional Type as then adopted by NERC.

Grandfathered Transmission Service means any transmission service (or interconnection) provided by Transmission Provider that is subject to the jurisdiction of the Commission but not provided pursuant to the Tariff.

Interested Person means any Person 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 the ColumbiaGrid Bylaws.

Interested Stakeholder means any Person who has expressed an interest in the business of the Transmission Provider and wishes to participate in the planning process.

Local Planning Report means the biennial report, completed by the Transmission Provider, includes any reliability impacts identified on the local transmission system and a list of projects proposed to mitigate those issues.

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

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 Need giving rise to such Existing Obligation Project.

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 and native load customer obligations, if any, as those terms are defined in such Transmission Owner or Operator Planning Party's Open Access Transmission Tariff; and
- (ii) other existing long-term firm transmission obligations.

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

NERC means North America Electric Reliability Corporation or its successor.

NERC Standard means at any time any NERC Reliability Standard then in effect as adopted by NERC.

NERC Entity means at any time each entity (i) that is then located in the Transmission Provider's balancing authority area, (ii) that then falls within a Functional Type, and (iii) to which any NERC Standard then applies.

Non-Transmission Alternative means an alternative that does not involve the construction of high voltage transmission facilities and that ColumbiaGrid has determined would result in the elimination or delay of a Need by modifying the loads and/or resources reflected in the system assessments. Examples of such alternatives that may constitute Non-Transmission Alternatives 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.

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).

Party means a signatory to the ColumbiaGrid Planning and Expansion Functional Agreement.

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.

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.

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

Planning Criteria means the then current planning standards that ColumbiaGrid is to apply, as provided in the PEFA, in any system assessment, System Assessment Report, or Needs Statement.

Planning Cycle means a period of approximately twenty-four (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.

Planning and Expansion Functional Agreement or **PEFA** means the ColumbiaGrid Planning and Expansion Functional Agreement on file with the Commission.

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 Tariff, as it may be amended from time to time.

Planning Party means each Party other than ColumbiaGrid.

Point-to-Point Customer means an entity receiving service pursuant to the terms of the Transmission Provider's Point-to-Point Transmission Service under Part II of the Tariff.

Project means any of the following (including any expansion in the Plan of Service therefore pursuant to the PEFA) included in a Plan: (i) Capacity Increase Project, (ii) Existing Obligation Project, (iii) Requested Service Project, or (iv) Single System Project.

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

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

Proposed Requested Service Project means a proposal for a Requested Service Project at such time as it is being proposed in the planning process under this Agreement; a "Recommended Requested Service Project" means a recommendation for a Requested Service Project that is developed by the agreement of Affected Persons and that is included in a Plan; a "Staff-Recommended Requested Service Project" means a recommendation by ColumbiaGrid 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.

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

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

Requested Service Project means any modification of the Regional Interconnected Systems that:

- (i) is for the purpose of providing service pursuant to a transmission service or interconnection request made to a TOPP; and

- (ii) involves more than one Transmission System.

Single System Project means any modification of a single Transmission System that:

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

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

System Assessment Report means each system assessment report developed by Staff pursuant to the PEFA.

Third Person means any Person other than a Party.

Transmission Owner or Operator Planning Party or **TOPP** means a Party that is a transmission owner or operator.

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

Western Electricity Coordinating Council or **WECC** means the Western Electricity Coordinating Council or any successor entity.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this Appendix A, Definitions, to read in its entirety as follows:

APPENDIX A **DEFINITIONS**

The following terms shall have the following definitions where used in this Attachment K. Other terms defined in Section 1 of the Tariff shall have the meanings set forth in such Section 1 of the Tariff where used in this Attachment K.

“Additional Interested Stakeholder Data” has the meaning set forth in Part III, Section 2.2.3, of

this Attachment K.

“Additional Network Service Data” has the meaning set forth in Part III, Section 2.2.1, of this Attachment K.

“Additional Transmission Service Data” has the meaning set forth in Section Part III, Section 2.2.2, of this Attachment K.

“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.

“Annual Interregional Coordination Meeting” shall have the meaning set forth in section 13.3 of Appendix A of the PEFA and restated in Part IV, Section 13.3, of this Attachment K.

“Annual Interregional Information” shall have the meaning set forth in section 13.2 of Appendix A of the PEFA and restated in Part IV, Section 13.2, of this Attachment K.

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

“Avista Proprietary Data” means any (i) non-public or confidential trade secrets, commercial or financial information or other information of Transmission Provider, whether of a technical, business or other nature, or (ii) information that has been made available to Transmission Provider by any third party or entity that Transmission Provider is obligated to keep non-public or confidential, used by Transmission Provider in its transmission planning processes pursuant to this Attachment K.

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

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

“Bylaws” means the then current bylaws of ColumbiaGrid.

“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 of the PEFA; a “Recommended Capacity Increase Project” means a recommendation, developed by the agreement of Affected Persons pursuant to section 8 of Appendix A of the PEFA, 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 of the PEFA 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.

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

“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 the PEFA; (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.*

“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.

“Data” means NERC data, WECC data, Additional Interested Stakeholder Data, Additional Generating Facility Data, Additional Network Service Data and Additional Transmission Service Data provided or deemed provided (or to be provided or to be deemed provided) to Transmission Provider pursuant to this Attachment K.

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

“Economic Planning Study” shall mean a study to evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional (WECC) basis.

“Enhanced Reliability Upgrade” has the meaning set forth in Part III, Section 10.1, of this Attachment K.

“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.

“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;
- (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 of the PEFA, 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 of the PEFA, for a Near-Term Existing Obligation Project that is included as such in a Draft Biennial Plan or Draft Plan Update.

“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 of the PEFA. 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.

“Facilities Agreement” means, for purposes of Part IV of this Attachment K, 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 of the body of the PEFA.

“Fourth Amendment and Restatement” means the Planning and Expansion Functional Agreement (“PEFA”) as amended by the Fourth Amendment and Restatement if and after such time as such amendments become effective in accordance with section 17.1 of the Fourth Amendment and Restatement of the PEFA.

“Functional Type” at any time means each Functional Type as then adopted by NERC.

“Grandfathered Transmission Service” means any transmission service (or interconnection) provided by Transmission Provider that is subject to the jurisdiction of the Commission but not provided pursuant to the Tariff.

“Interested Stakeholder” means any Person who has expressed an interest in the business of the Transmission Provider and wishes to participate in the planning process.

“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 is to 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 of the PEFA, Interested Persons are referred to as stakeholders.

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

“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 of the PEFA.

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

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

“Local Planning Report” means the biennial report, completed by the Transmission Provider, includes any reliability impacts identified on the local transmission system and a list of projects proposed to mitigate those issues.

“Material Adverse Impacts” with respect to a Project or Proposed Project means, for purposes of Part III of this Attachment K, 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 Part IV of this Attachment K, 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.

“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 to be not eligible to request Order 1000 Cost Allocation for such facilities.

“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.

“Need” means any of the following Needs as identified in a System Assessment Report pursuant to section 3 of Appendix A of the PEFA: 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,” for purposes of Parts III and V of this Attachment K, 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 of the PEFA, a Need in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission need.

“Need Statement” means, with respect to a Need, a statement developed by Staff pursuant to section 3 of Appendix A of the PEFA 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.

“NERC” means North America Electric Reliability Corporation or its successor.

“NERC Entity” means at any time each entity with facilities (i) that are then located in Transmission Provider’s Balancing Authority Area or are directly interconnected with Transmission Provider’s Transmission System, (ii) that then fall within a Functional Type, and (iii) to which any NERC Standard then applies.

“NERC Standard” means at any time any NERC Reliability Standard then in effect as adopted by NERC and approved by the Commission.

“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.

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

“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.

“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.

“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.

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

- (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 are to 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. of section 1.46 of the body of the PEFA, 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. of section 1.46 of the body of the PEFA) 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 are to 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) are to 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) of section 1.46 of the body of the PEFA 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 of the PEFA, 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 of the PEFA and item (iii) of section 14.4 of Appendix A of the PEFA. Assigned Regional Costs from Interregional Cost Allocation may be recalculated as a result of application of section 13.6.2 of Appendix A of the PEFA.

"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 of the PEFA; 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 of the PEFA. Total Regional Costs from Interregional Cost Allocation may be recalculated as a result of application of section 13.6.2 of Appendix A of the PEFA.

“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 are not to be part of the Order 1000 ColumbiaGrid Planning Region, and such facilities are not to be part of or comprise intraregional facilities (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region for purposes of Order 1000 Cost Allocation.

“Order 1000 Cost Allocation” means an allocation, using the Order 1000 Cost Allocation Methodology, pursuant to section 10.3.3 of Appendix A of the PEFA, of costs of an Order 1000 Project among one or more Transmission Owner or Operator Planning Parties or ITP Proponents.

“Non-Order 1000 Cost Allocation” means a cost allocation pursuant to provisions of the PEFA other than section 10.3, 13 or 14 of Appendix A of the PEFA (such as section 5.4, 6.4, 8.4 or 9.4 of Appendix A of the PEFA). Any Non-Order 1000 Cost Allocation is not to 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.

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

“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 of the PEFA 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 of the PEFA 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.

“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 of the PEFA 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.

“Order 1000 Project” means (i) any Project, 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 of the PEFA 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 of the PEFA; provided that, if the Project would directly interconnect electrically with existing or planned transmission facilities in two or more Relevant Planning 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 the PEFA, an ITP may be deemed to be an Order 1000 Project notwithstanding the fact that the selection of an ITP as an Order 1000 Project under the PEFA occurs after cost allocation calculations have been performed with respect to such ITP. For the avoidance of doubt, Order 1000 Project specifically excludes 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 of the PEFA.

“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 of the PEFA 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 of the PEFA,

- 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.

“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 of the PEFA;
- b. enters into an agreement regarding such ITP with ColumbiaGrid, which Interregional Transmission Project Agreement (“ITP Agreement”) is to be substantially in the form attached as Appendix C (“Pro Forma ITP Proponent Agreement”) of the PEFA; and
- c. makes the payment to ColumbiaGrid as required by such ITP Agreement.

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

“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).

“Party” means, for purposes of Part IV of this Attachment K, a signatory to the PEFA.

“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.

“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 of the PEFA, a Plan in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission plan.

“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.

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

“Planning and Expansion Functional Agreement” or “PEFA” means at any time the ColumbiaGrid Planning and Expansion Functional Agreement then on file with the Commission.

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

“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.

“Planning Horizon,” for purposes of Part IV of this Attachment K, 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.

“Planning Party” means, for purposes of Part IV of this Attachment K, each Party other than ColumbiaGrid. ColumbiaGrid is to maintain a list of the Planning Parties on its Website.

“Point-to-Point Customer” means an entity receiving service pursuant to the terms of the Transmission Provider’s Point-to-Point Transmission Service under Part II of the Tariff.

“Project” means, for purposes of Part IV of this Attachment K, any of the following included in a Plan, under development in the transmission planning processes under the PEFA, or under consideration for inclusion in a Plan, as the context requires: (i) Capacity Increase Project,

(ii) Existing Obligation Project, (iii) Requested Service Project, (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 the PEFA 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 of the PEFA 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.

“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.

“Regional Benefits for Purposes of Interregional Cost Allocation” shall have the meaning given such term in section 1.46 of the body of the PEFA.

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

“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 Appendix A of the PEFA, at which time it shall no longer be considered a Relevant Planning Region.

“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 definition the term also includes any successor to these agencies.

“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.

“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
- (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 the PEFA; 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.

“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 of the PEFA: 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 the PEFA; 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.

“Staff” means, for purposes of Part IV of this Attachment K, the ColumbiaGrid staff, officers, or consultants hired or retained by ColumbiaGrid to perform the Staff’s responsibilities under the PEFA. The activities of Staff under the PEFA are to be performed under the supervision and guidance of the ColumbiaGrid Board.

“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, (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.

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

“Third Person” means, for purposes of Part IV of this Attachment K, any Person other than a Party.

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

“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 the PEFA, 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.

“Transmission System” means, for purposes of Parts IV of this Attachment K, 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.

“Website” means, for purposes of Part IV of this Attachment K, the website maintained by ColumbiaGrid at <http://www.columbiagrid.org>.

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