



# Northern Tier Transmission Group

## PLANNING AGREEMENT

This Northern Tier Transmission Group (“Northern Tier”) Planning Agreement, (“Agreement”) effective as of the 10th day of August, 2007 (“Effective Date”), is by and among the Parties listed in Exhibit A, which shall be revised only by mutual consent of all Parties to reflect new Parties or additional scope. Hereafter, the Parties shall be referred to individually as "Party" and collectively as "Parties."

### Recitals

- A. The electric transmission grid is indispensable to the Western economy;
- B. Each Party is engaged in the purchase or sale of transmission of electric transmission service, and/or owns and operates an electric transmission system that is directly interconnected with one or more of the systems of the other Parties;
- C. The Parties are committed, with the active cooperation of state governments and regulatory agencies, and other stakeholders, to improving the operations of the electric transmission grid that both serves and links their service territories;
- D. The Parties are committed to working with one another, and with affected stakeholders and state officials, both to increase efficient and economical use of the electric transmission grid and to develop the infrastructure needed to deliver existing and new power resources, such as renewable and thermal, to consumers;
- E. The Parties are focused on action and devoted to a collaborative, step-by-step approach that will deliver results promptly and cost-effectively;
- F. The Parties are committed to utilize existing regional forums and organizations, to the extent agreed to by those forums and organizations and as practicable for coordination between planning sub-regions;
- G. The signatories to the Northern Tier Funding Agreement (“Funding Members”) have agreed to fund, support, and participate in some portion of the Northern Tier Transmission Group (“Northern Tier”) activities through the Northern Tier Funding Agreement executed on June 8, 2007, or any mutually agreed upon restatement (“Funding Agreement”).



H. The Parties support the work of the Transmission Expansion Planning Policy Committee (“TEPPC”) of the Western Electricity Coordinating Council (“WECC”), which is responsible for overseeing database management, providing policy and management of the transmission planning process, and guiding the analyses and modeling for Western Interconnection economic transmission expansion planning;

I. The Parties acknowledge that this Agreement does not relieve any Party of its responsibility to comply with the Federal Energy Regulatory Commission’s (“FERC”) Standards of Conduct or any other applicable regulatory requirements;

J. The Parties serve customers within the participating states of Idaho, Montana, Oregon, Wyoming and Utah (“Footprint”), and also serve customers in other states as defined by each Party’s service territory or membership territory;

K. The Parties wish to provide resources for the development of a 10-year integrated regional transmission plan (“Plan”) for the Footprint, updated on a biennial basis, derived from the transmission plans and planning studies of Northern Tier and other efforts that accommodate all transmission needs across the Footprint; and

L. The Parties are committed to an open, coordinated, and transparent planning process meeting the requirements of the FERC Order No. 890.

NOW THEREFORE, in consideration of the mutual benefits and other good and valuable consideration the sufficiency of which are hereby recognized by the Parties to be obtained pursuant to this Agreement, the Parties hereby agree as follows:

### **Section 1 - Purpose**

1.1 The purpose of this Agreement is to provide the framework for efficient and coordinated planning and expansion of the multi-state transmission system within their collective service territories.

### **Section 2 - Principles of Development**

2.1 An entity that is engaged in the purchase or sale of electric transmission service in interstate commerce within the Footprint is eligible to enter into and be a Party to this Agreement.

2.2 Notwithstanding any other provision in this Agreement, (1) state regulatory utility commission representatives, (2) state customer advocacy group representatives, or (3) other state office representatives that have an interest in interstate transmission (hereinafter referred to as “State Representatives”) within the Footprint shall be able to participate in, and provide representatives on, the Northern Tier Planning Committee (“Planning Committee”) without becoming a party to this Agreement. State Representatives shall join the Planning Committee via the mechanisms in the Planning Charter approved by the Northern Tier Transmission Group Steering Committee (“Steering Committee”) per the approval mechanisms set forth under the June 29, 2007 Steering Committee charter as may be modified from time to time (“Steering Committee Charter”)

2.2 Each Party shall work in good faith to achieve unanimous agreement with the other Parties and to further the purpose of this Agreement.

2.3 To the extent practicable, each Party shall provide reasonable support from internal resources in order to achieve the completion of Northern Tier initiatives in a cooperative and timely manner as developed and approved by the Steering Committee per the approval mechanisms set forth under the Steering Committee Charter.

### **Section 3 - Funding**

3.1 Support for planning initiatives shall occur through the mechanisms set forth in the Funding Agreement.

### **Section 4 - Planning Committee**

4.1 A Planning Committee shall be established within 30 days of the Effective Date of this Agreement.

4.2 Each Party shall timely appoint its representative to the Planning Committee as outlined in Exhibit B, which representative shall serve on the Planning Committee at the pleasure of the Party that appointed such representative and may be removed or replaced by such Party at any time. At the initial meeting of this Planning Committee and annually thereafter, the Planning Committee representatives shall elect one representative as its chair (“Chair”). If a Party’s Planning Committee representative is unable to attend or otherwise participate in a Planning Committee meeting, the Party’s designated representative shall be empowered to designate an alternate representative for that meeting.

4.3 The Planning Committee shall manage the biennial sub-regional planning process as outlined in the Planning Committee charter (“Planning Committee Charter”) approved by the Steering Committee per the approval mechanisms set forth in the Steering Committee Charter, as may be modified from time to time upon the further approval of the Steering Committee.

4.4 No Planning Committee representative shall receive compensation or any reimbursement of his or her expenses from the Planning Committee or any party other than from the Party appointing him or her.

### **Section 5 – Costs**

5.1 Costs to support planning processes shall be paid as set forth in this Section 5.1.

5.1.1 Costs to Parties to the Funding Agreement (“Funding Parties”) shall be limited to the costs associated with resources anticipated in the Funding Agreement.

5.1.2 An entity which is Party to this Agreement, and is not a party to the Funding Agreement (“Associate Party”) shall be assessed a charge of \$500 per each calendar year (“Collections”) it remains a Party, or pro rata based on the number of months it is a Party divided by 12 for a portion thereof, payable to the Finance Agent designated in the Funding Agreement (“Finance Agent”), to compensate the Parties to the Funding Agreement for a portion of the administrative costs incurred from its participation in the Planning Committee. The Collections shall be paid to the Finance Agent within 30 calendar days of becoming an Associate Party, and within 30 calendar days of January 1 of each subsequent year of participation in this Agreement.

5.1.3 Project sponsors who cause Northern Tier planning meetings to be held outside of the normal cycle as outlined in the Planning Committee Charter, shall be responsible for the costs of meeting facilities and administration, including third party contract resources, associated with such meetings.

5.1.4 Payments to third parties made for the costs of meeting facilities and other support outlined in Section 5.1.3 shall be made by the Project sponsors directly to the third party. Payments to reimburse costs incurred by third party resources provided by Northern Tier shall be reimbursed to the Finance Agent within 30 calendar days of the invoice date on the invoice sent by the Finance Agent.

5.2 Costs necessary for planning support and associated allocation, above the anticipated annual budget and its allocation set forth in the Funding Agreement, shall be only incurred upon separate written mutual agreement of the Funding Parties.

## **Section 6 – Additional Parties/Withdrawal and Reinstatement of a Party**

6.1 Process of Joining. An Entity that meets the requirements of Section 2.1 may become a Party to this Agreement upon (i) meeting the requirements of a Party outlined in the Recitals and Section 1 of this Agreement, (ii) submission of a written request in the form of Exhibit C to become a Party, and (iii) providing each Party an executed copy of the signature page by electronic mail or facsimile provided in this Agreement. By executing this Agreement the entity accepts the decisions of the Steering Committee per the approval mechanisms set forth under the Steering Committee Charter. Funding Parties shall be responsible prospectively for its share of costs based upon terms of (i) the Funding Agreement, (ii) Section 5.1.3 of this Agreement, and (iii) any other active supplemental funding agreement established under the terms of Section 5.2. Associate Parties shall be responsible prospectively for its share of costs outlined in Sections 5.1.2 and 5.1.3.

6.2 Withdrawal. Any Party may unilaterally withdraw from this Agreement by providing prompt notice to the co-Chairs of the Steering Committee in writing or through electronic transmission. Any Party that withdraws from this Agreement shall be deemed a Withdrawing Party. Upon providing written notice of its withdrawal, the Withdrawing Party who is also an Associate Party shall forfeit any Collections, or other payments to support the planning process, made to the Finance Agent. Upon providing written notice of its withdrawal, Funding Members shall forfeit any payments toward the costs outlined in Section 5.1.3 unless otherwise specifically outlined in the Funding Agreement.

6.3 Reinstatement. If a Withdrawing Party, which meets the requirements of Section 2.1, fully withdraws and desires at a later time to again become a Party to this Agreement, such Withdrawing Party shall follow the procedures set forth in Section 6.1.

6.4 Exhibit A shall be revised and updated upon each Party's joining or withdrawing from this Agreement.

## **Section 7 - Administration:**

7.1 Parties Bear Own Costs. Each Party shall bear its own costs and expenses associated with participating in Northern Tier planning activities, unless such costs and expenses are included as part of an approved budget or unless all Parties agree otherwise in writing.

7.2 No Joint Action. This Agreement shall not be interpreted or construed to create an association, joint venture or partnership among the Parties or to impose any partnership obligations or liability upon any Party.

7.3 Legal Rights. Nothing in this Agreement shall affect the right of any Party to take any position or bring any action or proceeding in any appropriate court or agency, except as explicitly outlined in Section 11 of this Agreement.

### **Section 8 - Counterparts**

8.1 This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one document. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

### **Section 9 - Term**

9.1 The Term of this Agreement shall terminate the earlier of (i) December 31, 2009 or (ii) termination of the Funding Agreement or any restatement mutually agreed to by the Funding Members.

9.2 The Term of this Agreement shall be extended only upon mutual agreement of all Parties.

### **Section 10 – Ownership of Products**

10.1 Parties shall retain individual ownership of products created by the work funded through mechanisms set forth in this Agreement, both during the Term of this Agreement, and after expiration of the Term of this Agreement, and the provision of this Section 10.1 shall survive the withdrawal of the Withdrawing Party.

10.2 Upon withdrawal from this Agreement, or failure to extend the terms of the Agreement through mutual agreement, Parties acknowledge that they shall not be entitled to future improvements of products funded by furtherance or renewal of this Agreement by others.

### **Section 11 – Dispute Resolution**

11.1 Parties who are not State Representatives agree to use the following dispute resolution process for disputes pertaining to this Agreement, including those relating to the decisions of the Steering Committee per the approval mechanisms set forth under the Steering Committee Charter on project and plan cost and benefit allocation, and excluding any disputes arising as to any Withdrawing Party's rights and/or obligations pursuant to Section 6.2

Step 1 – An executive representative from each disputing Party shall participate in good faith negotiation to resolve the dispute between Parties. In the event the executive representatives are unable to resolve the dispute by mutual agreement within 30 days of written notice of dispute by any Party to the Chairman, or such other period as the Parties may mutually agree upon, the Parties shall proceed to Step 2.

Step 2 – An executive representative from each disputing Party shall participate in good faith negotiation with the participation of the full Steering Committee to resolve the dispute between Parties. Upon declaration of an impasse in Steering Committee dispute resolution by the State Co-chair, the Parties shall proceed to Step 3.

Step 3 – If the executive level negotiation in Steps 1 and 2 is unsuccessful at reaching resolution of the dispute, the disputing Parties shall participate in mediation, as defined in Appendix C of the WECC bylaws.

Step 4 – If mediation in Step 3 is unsuccessful at reaching resolution of the dispute, the disputing Parties shall participate in binding arbitration, as defined in Appendix C of the WECC bylaws.

### **Section 12 – Headings**

The headings used in this Agreement are for convenience only and shall not be construed as a part of the Agreement or as a limitation on the scope of the particular paragraphs to which they refer.

### **Section 13 – Waiver**

A waiver by a Party of any default or breach by another Party of any covenants, terms or conditions of this Agreement shall not limit the Party's right to enforce such covenants, terms or conditions or to pursue its rights in the event of any subsequent default or breach.

### **Section 14 – Severability**

If any portion of this Agreement shall be held to be void or unenforceable, the balance thereof shall continue to be effective.

### **Section 15 – Binding Effect**

This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

**Section 16 – Amendments**

This Agreement shall not be modified, amended or changed in any respect except by a written document signed by all Parties.

**Section 17 – No Third Party Beneficiary**

This Agreement is for the exclusive benefit of the Parties, and shall not constitute a third party beneficiary agreement and shall not be relied upon or enforced by a third party.

**Section 18 – Integration**

This Agreement constitutes the entire agreement of the Parties. Covenants or representations not contained or incorporated therein shall not be binding upon the Parties.

**Section 19 – Limit of Liability**

Notwithstanding any other provision in this Agreement, in no event shall the Funding Members be liable for any direct, incidental, consequential, punitive, special, exemplary, or indirect damages. Any Associate Party's sole remedy for any breach of this Agreement is to enforce prospective compliance with this Agreement's terms and conditions.



IN WITNESS WHEREOF, each Party executes this Agreement which shall be effective on the last date of the last Party to execute this Agreement.

DESEREI GENERATION & TRANSMISSION COOPERATIVE

By *Kimball Rasmussen*  
Kimball Rasmussen  
President and CEO

Date *Aug 9, 2007*

NORTHWESTERN ENERGY

By \_\_\_\_\_  
Michael R. Cashell  
Director, Transmission  
Marketing And Business  
Planning

Date \_\_\_\_\_

PACIFICORP

By \_\_\_\_\_  
John Cupparo  
Vice President, Transmission

Date \_\_\_\_\_

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

By \_\_\_\_\_  
Doug Hunter  
General Manager

Date \_\_\_\_\_

IDAHO POWER COMPANY

By \_\_\_\_\_  
Lisa Grow  
Vice President, Engineering & Operations

Date \_\_\_\_\_



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NORTHWESTERN ENERGY

By \_\_\_\_\_  
Kimball Rasmussen  
President and CEO

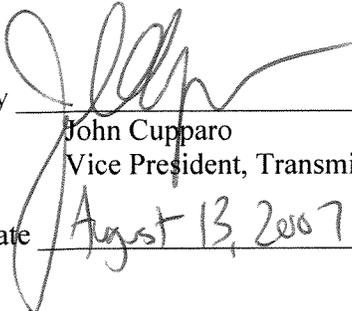
By \_\_\_\_\_  
Michael R. Cashell  
Director, Transmission  
Marketing And Business  
Planning

Date \_\_\_\_\_

Date \_\_\_\_\_

PACIFICORP

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

By  \_\_\_\_\_  
John Cupparo  
Vice President, Transmission

By \_\_\_\_\_  
Doug Hunter  
General Manager

Date August 13, 2007

Date \_\_\_\_\_

IDAHO POWER COMPANY

By \_\_\_\_\_  
Lisa Grow  
Vice President, Engineering & Operations

Date \_\_\_\_\_



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By \_\_\_\_\_  
Kimball Rasmussen  
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NORTHWESTERN ENERGY

By \_\_\_\_\_  
Michael R. Cashell  
Director, Transmission  
Marketing And Business  
Planning

Date \_\_\_\_\_

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John Cupparo  
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By \_\_\_\_\_  
Doug Hunter  
General Manager

Date \_\_\_\_\_

IDAHO POWER COMPANY

By Lisa Grow  
Lisa Grow  
Vice President, Engineering & Operations

Date 8.14.07



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DESERET GENERATION & TRANSMISSION COOPERATIVE

NORTHWESTERN ENERGY

By \_\_\_\_\_  
Kimball Rasmussen  
President and CEO

By Michael R. Cashell  
Michael R. Cashell  
Director, Transmission  
Marketing And Business  
Planning

Date \_\_\_\_\_

Date 8/13/07

PACIFICORP

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

By \_\_\_\_\_  
John Cupparo  
Vice President, Transmission

By \_\_\_\_\_  
Doug Hunter  
General Manager

Date \_\_\_\_\_

Date \_\_\_\_\_

IDAHO POWER COMPANY

By \_\_\_\_\_  
Lisa Grow  
Vice President, Engineering & Operations

Date \_\_\_\_\_



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By \_\_\_\_\_  
Kimball Rasmussen  
President and CEO

Date \_\_\_\_\_

NORTHWESTERN ENERGY

By \_\_\_\_\_  
Michael R. Cashell  
Director, Transmission  
Marketing And Business  
Planning

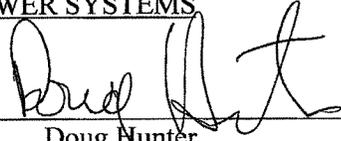
Date \_\_\_\_\_

PACIFICORP

By \_\_\_\_\_  
John Cupparo  
Vice President, Transmission

Date \_\_\_\_\_

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

By  \_\_\_\_\_  
Doug Hunter  
General Manager

Date 8-15-07

IDAHO POWER COMPANY

By \_\_\_\_\_  
Lisa Grow  
Vice President, Engineering & Operations

Date \_\_\_\_\_



## EXHIBIT A

Parties to the Northern Tier Planning Agreement

Party	Execution Date	Withdrawal Date	Planning Party Designation
Deseret Power Electric Cooperative	August 9, 2007		Funding Member
Idaho Power Company	August 14, 2007		Funding Member
NorthWestern Energy	August 13, 2007		Funding Member
PacifiCorp	August 13, 2007		Funding Member
Utah Associated Municipal Power Systems	August 15, 2007		Funding Member



## EXHIBIT B

### Planning Committee Contact Information

Deseret Power Electric Cooperative  
Planning Committee Representative

Jim Tucker  
Phone 801-619-6504  
Fax 801-619-6591  
Email [jtucker@deseretpower.com](mailto:jtucker@deseretpower.com)

Idaho Power Company  
Planning Committee Representative

David "Kip" L. Sikes  
Phone 208-388-2459  
Fax 208-388-5504  
Email [dsikes@idahopower.com](mailto:dsikes@idahopower.com)

NorthWestern Energy  
Planning Committee Representative

John Leland  
Phone 406-497-3383  
Fax 406-497-3393  
Email [john.leland@northwestern.com](mailto:john.leland@northwestern.com)

PacifiCorp  
Planning Committee Representative

Darrell Gerrard  
Phone 503-880-0373  
Fax 503-813-5767  
Email [darrell.gerrard@pacificorp.com](mailto:darrell.gerrard@pacificorp.com)

Utah Associated Municipal Power Systems  
Planning Committee Representative

Marshall Empey  
Phone 801-327-6605  
Fax 801-561-2687  
Email [marshall@uamps.com](mailto:marshall@uamps.com)



## EXHIBIT C

### Addendum Joining Additional Party

The undersigned joins as a Party to the Northern Tier Transmission Group Planning Agreement (“Agreement”) and agrees to all the terms and conditions as set forth in the Agreement. The undersigned shall receive all notices provided pursuant to the Agreement. This Addendum Joining Additional Party is incorporated by this reference into the Agreement. This Addendum and the Agreement sets forth the entire agreement between the Parties on the subject matter of this Agreement, and supersedes all prior agreements between the joining additional Party and any of the Parties with respect to its subject matter.

IN WITNESS WHEREOF, the undersigned executes this Addendum on the date set forth below.

By \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Print Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Name of Company or Organization)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City, State, Zip Code)

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_