

December 30, 2011

VIA ELECTRONIC FILING

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

**Re: Idaho Power Company
Third Revised Rate Schedule FERC No. 152**

**Deseret Generation & Transmission Co-operative, Inc.
Third Revised Rate Schedule FERC No. 25**

**NorthWestern Corporation
Third Revised Rate Schedule FERC No. 253**

**PacifiCorp
Third Revised Rate Schedule FERC No. 612**

**Portland General Electric Company
Second Revised Rate Schedule FERC No. 17**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. Section 824d, and Section 35.13(a)(2)(iii) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission”), 18 C.F.R. § 35.13(a)(2)(iii), Idaho Power Company (“Idaho Power”), Deseret Generation & Transmission Co-operative, Inc. d/b/a Deseret Power (“Deseret”), NorthWestern Corporation (“Northwestern”), PacifiCorp (“PacifiCorp”), and Portland General Electric (“Portland General”) each submit modifications to the above-captioned rate schedules to reflect amendments to the Northern Tier Transmission Group Funding Agreement 2010-2011 (the “2010-2011 Funding Agreement”). The entities referred to above may hereinafter be referred to individually as “Party” or “Applicant” or collectively as the “Parties” or “Applicants.”

PGE is serving as the “designated filer,” under the Joint Tariff Filing procedures outlined in Order No. 714,¹ on behalf of the Applicants. Each of the other Applicants (Idaho Power, NorthWestern, PacifiCorp, and Deseret), in accordance with Order No. 714, are submitting a certificate of concurrence and a tariff record adopting the tariff submitted herein by PGE.² This same filing package is being separately filed by each of the Applicants.

A. BACKGROUND AND DESCRIPTION OF RATE SCHEDULE CHANGES

Each of the Applicants owns and operates transmission facilities within a portion of the Northwest and Mountain States, and is subject to the Federal Power Act jurisdiction of the Commission. While local, single system planning efforts are performed individually, each of the Applicants has committed, through agreement and by providing funding, to participation in the Northern Tier Transmission Group (“NTTG” or “Northern Tier”). NTTG is, in essence, a trade name for the collaborative efforts of those participating utilities and state representatives to implement NTTG charters and agreements. Through these subregional commitments to the NTTG and in conjunction with each of their respective set of planning commitments embodied in Attachment Ks to their respective Open Access Transmission Tariffs (“OATT”), the Applicants, together with the additional NTTG members as well as stakeholders, carry out an open, transparent, coordinated transmission planning process for service and facilities involving the combined systems within NTTG, and ultimately through participation by the NTTG in the Western Electric Coordination Council (“WECC”) processes, the entire Western Interconnection.

The Applicants are also the signatories to the 2010-2011 Funding Agreement, which is on file with the Commission and specifies the entities that are funding current NTTG activities, the quantity of funding, the allocation of the funding obligation among the funding entities, and the terms and conditions upon which funding is provided. More specifically, in the 2010-2011 Funding Agreement, the signatories thereto committed funds according to an estimated budget for two years of Northern Tier activities.³ The agreement also establishes a process for revising the budget and approving budget increases, identifies the process by which funds for NTTG activities are called for and delivered, and specifies how the designated custodian of Northern Tier funds (referred to therein as the Finance Agent) will obtain approval to pay NTTG expenses. On February 2, 2010, the Commission accepted for filing the 2010-2011 Funding Agreement, as amended.⁴

¹ *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (Sept. 19, 2008), FERC Stats & Regs ¶ 31,276 (2008). See also, *Notice of Effectiveness of Regulations*, Docket No. RM01-5-000 (Oct. 28, 2008).

² E.g., *Delegated Order*, Duke Energy Kentucky, Inc., Docket No. ER10-2032-001 (November 23, 2010).

³ There is one additional party to the 2012-2013 Funding Agreement, the Utah Association of Municipal Power System (“UAMPS”). UAMPS is a Nominal Funder of NTTG, however, it is not a “public utility” as defined in Section 201 of the Federal Power Act (18 U.S.C. § 824). Accordingly, UAMPS is not a party to this joint filing. There are many instances in which the Commission has accepted for filing arrangements that encompass jurisdictional and non-jurisdictional utilities, including the prior filings by Applicants of the NTTG Funding Agreement, and these filings have not affected the jurisdictional status of parties that are not public utilities.

⁴ See Idaho Power Company Docket No. ER10-524; Deseret Generation & Transmission Co-operative, Inc. Docket No. ER10-525; NorthWestern Corporation Docket No. ER10-526; PacifiCorp Docket No. ER10-527; and

The term of the 2010-2011 Funding Agreement will expire on December 31, 2011. The Parties have executed the Northern Tier Transmission Group Funding Agreement 2012-2013 (the “2012-2013 Funding Agreement”) to provide for the continued funding provisions of NTTG activities during calendar years 2012 and 2013.

The pertinent modifications from the 2010-2011 Funding Agreement to the 2012-2013 Funding Agreement are:

- (a) Modification to “Section 2 - Principles of Development” to more clearly state the Parties’ intent that entities meeting the definition of “Nominal Funders” and “Full Funders” are eligible to enter into the 2012-2013 Funding Agreement;
- (b) Modification to “Section 3 – Funding” to more clearly state the Parties’ intent with regard to which types of entities are Nominal Funders or Full Funders. The structure of the allocation formula utilized in the 2012-2013 Funding Agreement remains the same as the 2010-2011 Funding Agreement;
- (c) Modification of “Section 6 – Additional Parties/Withdrawal and Reinstatement of a Party” to clarify that the existing Parties to the 2012-2013 Funding Agreement shall mutually agree as to whether a new entity shall be a Nominal Funder or Full Funder upon execution of the 2012-2013 Funding Agreement;
- (d) Revision of expiration date in “Section 9- Term” to reflect a commitment by each Applicant for the next two years; and
- (e) Corresponding modification to Exhibit B the “Finance Agent Agreement” to revise the term to calendar year 2012-2013.

B. INFORMATION REQUIRED BY 18 C.F.R. PART 35

This filing constitutes a rate schedule change other than a rate increase and accordingly are submitted in accordance with 18 C.F.R. § 35.13(a)(2)(iii).

1. List of Documents Submitted with this Filing.

Portland General Electric Company Docket No. ER10-528-000 and ER10-528-001 (unpublished letter order). Previously, on October 8, 2008, the Commission accepted for filing the Applicant’s Second Amended and Restated 2008-2009 Funding Agreement. *See* Deseret Generation and Transmission Co-operative, Inc., Docket No. ER08-1387-000; Idaho Power, Docket No. ER08-1388; NorthWestern Corporation, Docket No. ER08-1389; PacifiCorp, Docket No. ER08-1390; and Portland General, Docket No. ER08-1391 (unpublished letter order).

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In accordance with 18 C.F.R. § 35.7, Applicants are submitting this rate schedule filing in the Commission's eTariff filing format, consisting of this transmittal letter and the following documents:

On behalf of Portland General:

Attachment 1: A clean version of the Northern Tier Transmission Group 2012 – 2013 Funding Agreement.

Attachment 2: A red-lined version of the 2010-2011 Funding Agreement compared to the 2012 – 2013 Funding Agreement, as modified in this filing.

On behalf of Idaho Power:

Attachment 3: Certificate of Concurrence.

Attachment 4: Tariff Record.

On behalf of Deseret:

Attachment 5: Certificate of Concurrence.

Attachment 6: Tariff Record.

On behalf of NorthWestern Corporation:

Attachment 7: Certificate of Concurrence.

Attachment 8: Tariff Record.

On behalf of PacifiCorp:

Attachment 9: Certificate of Concurrence.

Attachment 10: Tariff Record.

2. Date on which the Rate Schedules are to Become Effective.

The rate schedule submitted herein is requested to be made effective January 1, 2012. Good cause exists to grant waiver of the Commission's *Prior Notice* requirements to permit these rate changes to become effective on that date. Granting a January 1, 2012 effective date of this filing for each of the Applicant's submissions will ensure continuous funding for NTTG and facilitate compliance by each of the filing Parties with their commitment to the subregional planning processes as required by their respective OATTs. Accordingly, such waiver furthers the Commission's goals and objectives of Order Nos. 890 and 1000.

3. The Names and Addresses of the Persons to Whom a Copy of this Filing Has Been Mailed.

Copies of this filing have been served on all members of the NTTG, and the filing has been posted on the NTTG website.

4. Applicants' Brief Description of the Rate Schedule Change and Statement of Reasons for the Rate Schedule Change.

The changes to the Parties respective rate schedules are set out above in greater detail in Section A, "Background and Description of Rate Schedule Changes." The primary purpose of the rate schedule changes submitted with this filing are to renew the term of the NTTG Funding Agreement for an additional two (2) years, calendar years 2012 and 2013.

5. A Showing That All Requisite Agreements Have Been Obtained.

The electronic signatures of Idaho Power, Deseret, NorthWestern, PacifiCorp, and Portland General to the NTTG 2012-2013 Funding Agreement and its "Exhibit B," the NTTG 2012-2013 Finance Agent Agreement, are included with this filing and demonstrate that each of the Parties has agreed to the terms of the agreements being filed. No other requisite agreement is required.

6. Statement of Test Period Costs Alleged or Judged to Be Illegal, Duplicative, or Unnecessary Costs That Are Demonstrably the Product of Discriminatory Employment Practices.

None.

7. Table or Statement Comparing Sales and Services and Revenues from Sales and Services Under the Rate Schedule to be Superseded or Supplemented and Under the Rate Schedule Change.

Not applicable. As described above, the 2012-2013 Funding Agreement does not contemplate sales or revenue from sales, but rather is a cost-recovery mechanism for each of the jurisdictional member's commitment to the NTTG subregional planning process.

8. Comparison of each Utility's Rate Schedule to its Other Rates for Similar Wholesale for Resale and Transmission Services.

Not applicable. No wholesale sales for resale or transmission service is being provided by any of the Parties under the 2012-2013 Funding Agreement.

9. If Any Specifically Assignable Facilities Have Been or Will Be Installed or Modified in Order to Supply Service Under the Rate Schedule Change submitted by the Parties, an Appropriate Map or Sketch and Single Line Diagram Showing the Additions Changes to be Made.

Not applicable. No facilities will be installed by any Party pursuant to the rate schedule changes being submitted with this filing.

10. Waivers.

To the extent necessary, Applicants respectfully request a waiver of any of the filing requirements set out in 18 C.F.R. Part 35 that are not otherwise provided or addressed herein.

C. COMMUNICATIONS AND SERVICE

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

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*Designated to receive service in accordance with Section 385.2010 of the Commission's Rules of Practice and procedure, 18 C.F.R. Section 385.2010.

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D. CONCLUSION

For the reasons set forth above, the Applicants request that the Commission accept this filing and permit the rate sheets submitted herein to become effective January 1, 2012.

Respectfully submitted this 30th day December 2011.

IDAHO POWER COMPANY

By: /s/ Richard J. Garlish
Richard J. Garlish
Attorney for Idaho Power Company

DESERET GENERATION &
TRANSMISSION CO-OPERATIVE, INC.

By: /s/ Craig W. Silverstein
Craig W. Silverstein
Attorney for Deseret Generation &
Transmission Co-operative, Inc.

NORTHWESTERN CORPORATION

PACIFICORP

By: /s/ Andrew McLain
Andrew McLain
Attorney for NorthWestern
Corporation

By: /s/ Ryan Flynn
Ryan Flynn
Attorney for PacifiCorp

PORTLAND GENERAL ELECTRIC
COMPANY

By: /s/ Cece L. Coleman
Cece L. Coleman
Attorney for Portland General
Electric Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30th day of December 2011, I caused the foregoing filing to be submitted to Kimberly D. Bose, Secretary for the Federal Energy Regulatory Commission, and e-mailed copies of this filing to all members of the Northern Tier Transmission Group and the filing has been posted on the NTTG website.

/s/ *Tina Gary*

Tina Gary,
Specialist, FERC Compliance

ATTACHMENT 1

CLEAN

Northern Tier Transmission Group Funding Agreement 2012-2013

Northern Tier Transmission Group Funding Agreement 2012-2013

This Northern Tier Transmission Group Funding Agreement ("Funding Agreement"), is by and among the entities signing below which hereafter shall be referred to individually as "Party" and collectively as "Northern Tier" or "Parties."

Recitals

- A. The Parties are the funding entities for the Northern Tier Transmission Group and are Parties to the Northern Tier Transmission Group Funding Agreement 2010-2011.
- B. The Parties desire to revise the rights and obligations, including the allocation methodology, used by this Agreement to distribute the cost responsibility for funds collected hereunder.

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 – Effective Date:

- 1.1 Subject to acceptance for filing by the Federal Energy Regulatory Commission (FERC), the Effective Date of this Agreement shall be January 1, 2012.

Section 2 - Principles of Development:

- 2.1 An entity that meets the definition of (i) "Nominal Funder" or (ii) "Full Funder," as defined in Section 3.3, is eligible to enter into and be a Party to this Agreement.

- 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 projects in a cooperative and timely manner as developed and approved by the NTTG Steering Committee through the mechanisms set forth in the NTTG Steering Committee Charter (Steering Charter).

Section 3 - Funding:

3.1 Each Party agrees to fund its allocated share of expenses required to support initiatives authorized by the Steering Committee. A Party's allocation shall be subject to the not to exceed limits provided for in Section 3.6 hereof, or as otherwise mutually agreed upon in writing by the Parties. Funding shall be provided pursuant to procedures set forth in Section 5 hereof and the Finance Agent Agreement, Exhibit B attached hereto.

3.2 In the event a new entity executes this Agreement partially through a budget year, such new funding entity's allocation of expenses for the remainder of the budget year shall be pursuant to the terms set forth in Section 6.1 hereof.

3.3 For purposes of funding, Parties shall be considered either "Nominal Funders" or "Full Funders", as defined below and set forth in Exhibit A of this Agreement.

- 3.3.1 Nominal Funders – Non FERC jurisdictional transmission dependent utilities that participate in the NTTG planning process and are located within the service territories of the existing Full Funders to this Agreement.
- 3.3.2 Full Funders – Entities that (i) own, control, or operate facilities used for the transmission of electric energy in interstate commerce, (ii) if required, have an Open Access Transmission Tariff on file with FERC, (iii) are located adjacent to and interconnected with one or more of the existing Full Funders to this Agreement, (iv) utilize NTTG planning processes or services to meet transmission planning and cost allocation requirements set forth in FERC's Order 890, Order 1000 or related successor regulations or orders and (v) with the exception of portions of inter-regional transmission projects that pass through the service territories of the existing Full Funders to this Agreement and another transmission planning region, do not utilize any other transmission planning region process to satisfy transmission planning and cost allocation requirements related to facilities solely within the service territories of the existing Full Funders to this Agreement.

3.4 Northern Tier's approved budget and additional incremental costs approved by Full Funders to support initiatives authorized by the Steering Committee shall be allocated among the Parties in accordance with Exhibit A. The allocation of Northern Tier's costs are adjusted in accordance with Exhibit A when (i) a Party joins or withdraws from NTTG pursuant to Section 6, (ii) an existing Party modifies its funding level, or (iii) budget modifications are approved. Consent of the Parties shall not be unreasonably withheld or delayed. Full Funders may amend the budget at any time by mutual written agreement. At a minimum, the Parties shall determine if any changes in the Annual Budget are necessary by May 30 of the prior year. Exhibit A may be modified upon mutual written agreement of the

Parties, provided however, that such modification shall be subject to FERC acceptance if required.

3.5 A Party may change its funding designation set forth in Exhibit A only upon mutual written consent of all Parties. Consent of the Parties shall not be unreasonably withheld or delayed. Parties recognize that a revision of funding designation may require a change of the terms set forth and agreed to in this Agreement.

3.6 The budget, including additional funding to support incremental initiatives approved by the Steering Committee through the mechanisms set forth in the Steering Charter, shall only be increased by a unanimous vote of the Full Funders. Notwithstanding any other provision hereof, in no event shall the funding obligation of any Nominal Funder exceed the amount set forth in Exhibit A hereof, unless otherwise agreed in writing duly executed by the authorized representative of such Nominal Funder.

3.7 The budget shall be allocated to the following purposes:

- 3.7.1 Project management and support for initiatives proposed by the Transmission Use, Cost Allocation and Transmission Planning committees, as approved by the Steering Committee through the mechanisms set forth in the Steering Charter.
- 3.7.2 Resources dedicated to the facilitation of the Joint Initiative or other proposals, as approved by the Steering Committee.
- 3.7.3 Project management and administrative resources to support the general administration of Northern Tier.
- 3.7.4 Support of Finance Agent services.
- 3.7.5 Resources dedicated to facilitation of Northern Tier as a viable regional planning entity within the Western Electricity Coordinating Council (WECC) region.
- 3.7.6 Public relations needs.
- 3.7.7 Meeting facilities and associated support cost for public stakeholder meetings, Joint Initiative meetings, NTTG Committee meetings or other meetings conducted in support of proposals approved by the Steering Committee.
 - 3.7.7.1 NTTG in-person public stakeholder meetings funded through this provision shall be rotated on an equal basis between the locations below.
 - 3.7.7.1.1 Boise, Idaho

- 3.7.7.1.2 Butte, Montana
 - 3.7.7.1.3 Portland, Oregon
 - 3.7.7.1.4 Salt Lake City, Utah
- 3.8 Expenditures of the Northern Tier funds shall only be approved and paid pursuant to the terms of Section 5 hereof.
- 3.9 Upon execution of this Agreement by all Parties, FERC's acceptance of the Agreement for filing, and establishment of the Finance Agent as set forth in Section 5.1, each Party shall submit the greater of (i) 25% of each Party's annual funding obligation calculated in accordance with Exhibit A, or (ii) the minimum amount needed to fulfill the requirements in Section 5.5 into the appropriate operating account as specified in Section 5.

Section 4 - Representation on Steering Committee:

4.1 Each Funding Member under this Funding Agreement shall be entitled to appoint one Representative to the Steering Committee. The rights and obligations of Steering Committee Representatives are set forth in the Steering Committee Charter.

Section 5 – Finance Agent:

5.1 The Parties shall appoint a Finance Agent to perform the services set forth in this Section 5 of the Agreement. The relationship between the Parties and the Finance Agent is set forth in the Finance Agent Agreement which is attached as Exhibit B.

5.2 Prior to the beginning of each budget year, the Parties shall prepare and approve (i) a budget for the upcoming budget year; (ii) a detailed forecast of the timing of expenditures contained in the budget; and (iii) the allocation of funding for the budget among the Parties in accordance with Exhibit A.

5.2.1 The proposed budget shall include but not be limited to coverage of administrative costs for the budget year, costs for projects approved by the Full Funders; and costs for services provided by the Finance Agent. Finance Agent costs shall be based on direct costs incurred by the Finance Agent in carrying out its responsibilities pursuant to this Agreement and the Finance Agent Agreement.

5.3 Approval of all Parties, including both Nominal Funders and Full Funders under this Agreement, shall be required to approve allocation of funding responsibility for a budget year. Modification of the budget to provide for funding responsibility may be done by Full Funders if necessary. However, Nominal Funders shall not be required to fund any increased cost provided by a modification to a budget.

5.4 The Finance Agent shall track actual expenditures against the budget, and notify the Full Funders and Project Manager when the need for additional funds, not reflected in the budget, becomes known. Whenever it is determined that the budget needs to be modified to

fund new program initiatives or any other requirements of the Parties, the Full Funders shall, in cooperation with the Project Manager, develop and approve within 30 days of such notification, the appropriate revisions to the budget. Such revisions shall be binding only upon the Full Funders of the Agreement.

5.5 The Finance Agent shall commingle funds provided pursuant to the Funding Agreement and this agreement (“NTTG Funds”) with its general funds. Finance Agent shall develop financial documents that track NTTG Funds received from the Parties and the expenditure of those funds in addition to the tracking of expenses against the budget.

5.6 The Finance Agent shall establish a minimum cash balance for NTTG Funds based on the budget and the expected timing of expenditures, so that there shall be sufficient funds to pay for invoices approved by the Utility Co-chair, or their delegate. If the Finance Agent determines that the existing budget amounts that are billed quarterly to the Parties are insufficient either (i) a notification shall be sent to the Parties of the need to either reduce scope of services or increase the budget, or (ii) a cash call beyond the quarterly billing amounts outlined in Section 5.6 shall be sent out by the Finance Agent to the Parties.

5.7 The Finance Agent shall submit cash calls to the Parties to establish the cash reserves required by Section 5.6, and shall submit an invoice for its costs and expenses as set forth in the Finance Agent Agreement on a quarterly basis, or on a more frequent basis as outlined in Section 5.6, according to the cost allocations of the budget calculated pursuant to Section 3.4.

5.8 Each Party shall provide the Finance Agent with the e-mail address of its representative authorized to receive invoices and the name and e-mail address of a second person authorized by the Party to receive invoices, which shall be sent by the Finance Agent pursuant to this Agreement via e-mail or other electronic communications.

5.9 All amounts billed to the Parties under this Agreement shall be due and payable to the Finance Agent within 15 business days following the billing date. The billing date shall be the date on which invoices are sent to the Parties.

5.10 Failure of a Party to pay amounts billed within the time specified in the Finance Agent Agreement shall constitute a payment default under this Agreement. The Finance Agent shall provide written notice of the existence of a payment default to the defaulting Party and the non-defaulting Parties within 10 calendar days following the date of payment default. After receipt of such notice of payment default, the defaulting Party shall take all steps necessary to promptly and completely cure such payment default within 30 calendar days of the date that the Finance Agent mailed or delivered the notice of payment default to the defaulting Party. In the event that the defaulting Party does not cure the payment default within 30 calendar days of the date that the Finance Agent mailed or delivered the notice of payment default to the defaulting Party, the defaulting Party must withdraw from this Agreement according to the terms in Section 6.

5.11 The Finance Agent shall provide no interest on NTTG Funds.

5.12 Upon dissolution of this Agreement, either by mutual written agreement or failure to renew this Agreement at the termination date, the remaining funds not needed to fulfill existing obligations and commitments shall be repaid to all Parties pro rata based upon their contribution percentages.

5.13 The Finance Agent shall disburse NTTG Funds only upon email approval from the Utility Co-chair, or that representative's delegate. Furthermore, the Finance Agent's obligation to pay approved disbursements is limited to the monies actually collected from funding calls to the Parties made pursuant to Sections 5.6 and 5.9 of the Agreement. The Finance Agent's obligation is to pay an approved invoice with NTTG Funds, and the Finance Agent has no obligation to pay any approved invoices with the Finance Agent's general funds.

5.14 The Finance Agent shall be bonded to a level mutually acceptable by all Parties if the Finance Agent service is not provided by a Party to this Agreement.

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

6.1 Process of Joining. Entities that meet the requirements of Section 2.1 may become Parties upon mutual consent of all existing Parties by executing the Agreement and providing each Party an original of the signature page; provided, however, the Agreement as amended shall not become effective until the Agreement is accepted for filing by FERC with conditions acceptable to all signatories to the Agreement. Prior to execution of this Agreement by any entity, the existing Parties to this Agreement shall determine whether such entity will be a Nominal Funder or Full Funder, consistent with the requirements of Section 3.3.1 and 3.3.2. By executing the Agreement the entity accepts the decisions of the Steering Committee as approved through the mechanisms set forth in the Steering Charter. A joining Party shall be responsible prospectively for its share of costs based upon the approved budget according to the formula referenced in Section 3.4 and set forth in Exhibit A; provided, however, in the event an additional Party is added in the middle of a budget cycle (e.g., a calendar year), the allocation of the associated costs for their respective share, as indicated in Section 3.4, shall be reduced pro rata in the partial year based on the number of remaining calendar days in the year in which it joins divided by 365. All other Parties' respective shares shall be adjusted accordingly. In any following budget period, the additional Party shall bear its full allocated funding share of the Agreement. The allocation of costs shall commence as of the date the joining Party executes the Agreement but shall not be invoiced until the amended Agreement is accepted for filing by FERC.

6.2 Withdrawal. Subject to the approval of FERC, if necessary, for a withdrawal to become effective, 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 ("Withdrawing Party"), and shall no longer be considered a Party. Upon providing written notice of its withdrawal, the Withdrawing Party shall pay an amount equal to one-half of the amount of budgeted costs and expenses not yet billed by the Finance Agent (Withdrawal Obligation), based on the then current budget. In addition, the Withdrawing Party shall

continue to be obligated to fulfill obligations incurred up to the time of withdrawal, including participation in initiatives previously participated in by Withdrawing Party until the next deliverable date outlined in the respective project charters approved by the Steering Committee through the mechanisms set forth in the Steering Charter. Notwithstanding the foregoing, in no event shall a Withdrawing Party be obligated to make any payment in excess of the annual funding obligation for such Withdrawing Party. If the quantity of remaining funds from the Withdrawing Party under the control of the Finance Agent is above the amount needed to fulfill the Withdrawal Obligation, the Finance Agent shall refund the remaining funds to the Withdrawing Party within 30 days of the notice of withdrawal.

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 to re-join this Agreement. Parties being reinstated shall not receive a credit for funds forfeited pursuant to Section 6.2.

Section 7 - Administration:

7.1 Parties Bear Own Costs. Each Party shall bear its own costs and expenses associated with participating in Northern Tier 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 be through December 31, 2013.

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

Section 10 – Ownership of Products

10.1 All information, data, reports, results, or other products funded through mechanisms set forth in this Agreement shall be considered to be in the public domain and available to all Parties for their undivided use; provided, Parties retain the right to engage in separate agreements addressing specific ownership rights of information, data, reports, results, or other products funded through mechanisms outside the scope of this Agreement.

Section 11 – Dispute Resolution

11.1 Parties agree to use the following dispute resolution process for disputes under the provisions of this Agreement, other than 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 on an informal basis as promptly as practicable. 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 Utility Co-chair, or such other period as the Parties may mutually agree upon, the Parties shall proceed to Step 2.

Step 2 – If mutual agreement is not reached in Step 1, disputing Parties shall use mediation and/or arbitration to resolve the dispute upon mutual agreement of the disputing Parties.

Section 12 – Headings

12.1 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

13.1 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

14.1 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

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

Section 16 – Amendments

16.1 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

17.1 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

18.1 This Agreement and the Finance Agent Agreement constitute the entire agreement of the Parties. Covenants or representations not contained or incorporated therein shall not be binding upon the Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date of the last signature below.

DESERET GENERATION &
TRANSMISSION CO-OPERATIVE, INC.

By /s/ Curt Winterfeld
Curt Winterfeld
Vice President

Date 12/29/11

NORTHWESTERN ENERGY

By /s/ Michael R. Cashell
Michael R. Cashell
Vice President - Transmission

Date 12/29/11

PACIFICORP

By /s/ John Cupparo
John Cupparo
Senior Vice President, Transmission

Date 12/29/11

UTAH ASSOCIATED MUNICIPAL
POWER SYSTEMS

By /s/ Marshall Empey
Marshall Empey
Manager – Operations and Planning

Date 12/29/11

IDAHO POWER COMPANY

By /s/ N. Vern Porter
N. Vern Porter
Vice President, Delivery Engineering
& Operations

Date 12/29/11

PORLAND GENERAL ELECTRIC
COMPANY

By /s/ Frank Afranji
Frank Afranji
Director, Transmission/Reliability

Date 12/29/11

EXHIBIT A

Allocation of Funding

Northern Tier's costs associated with its budget shall be allocated among the Parties according to the following formulas:

BUDGET = Annual budget amount as defined in Section 3, "Funding."

SERVICES = Total transmission services measured in total annual MW provided as outlined in each Parties' respective 2006 FERC Form 1 columns (e), (f), (g), (h), (i) and WECC's current Net Energy to Load Ratio.

(A) = Each Party multiplied by \$17,000 per funder

(B) = 7.5% of the remaining BUDGET not allocated in (A) divided by the total number of Full Funders

(C1) = 0.05 multiplied by the total number of Full Funders with SERVICES under 17,500 MW

(C2) = 0.25 multiplied by the total number of Full Funders with SERVICES between 17,500 MW and 100,000 MW

(C3) = 0.50 multiplied by the total number of Full Funders with SERVICES over 100,000 MW

(C) = (C1) + (C2) + (C3)

(D1) = (C1) divided by (C) multiplied by 65.9% of the remaining BUDGET not allocated in (A) divided by the total number of Full Funders with SERVICES under 17,500 MW

(D2) = (C2) divided by (C) multiplied by 65.9% of the remaining BUDGET not allocated in (A) divided by the total number of Full Funders with SERVICES between 17,500 MW and 50,000 MW

(D3) = (C3) divided by (C) multiplied by 65.9% of the remaining BUDGET not allocated in (A) divided by the total number of Full Funders with SERVICES over 50,000 MW

(E) = 26.6% multiplied by the remaining BUDGET not allocated in (A) multiplied by pro-rata share of the net energy to load of each Full Funder which operates a control area as defined in their respective WECC submittal for the current year.

Nominal Funders allocation = (A)

Full Funders allocation = (A) + (B) + the respective SERVICES class of (D1), (D2), or (D3) + (E)

EXHIBIT B

Finance Agent Agreement

NORTHERN TIER TRANSMISSION GROUP

FINANCE AGENT AGREEMENT

Calendar Years 2012 – 2013

This Finance Agent Agreement ("Agreement"), is by and among Deseret Generation & Transmission Co-operative, Idaho Power Company, Northwestern Energy, PacifiCorp, Portland General Electric Company and Utah Associated Municipal Power Systems (hereinafter individually referred to as "Utility" or "Party" and collectively as "Northern Tier" or "Parties").

WHEREAS, the Northern Tier Transmission Group Funding Agreement 2012-2013 ("Funding Agreement") directs the Parties' to appoint a Finance Agent to perform the functions set forth in Section 5 of the Funding Agreement; and

WHEREAS, the Parties Steering Committee Representatives have duly appointed Idaho Power Company (Idaho Power) as the Finance Agent, and Idaho Power accepts said appointment.

NOW THEREFORE, the Parties agree as follows:

1. **Term and Termination.** The term of this Agreement shall, subject to acceptance by the Federal Energy Regulatory Commission, be effective January 1, 2012 and shall expire December 31, 2013 ("Term"). The Term of this Agreement may be extended only upon mutual written agreement of the Parties. This Agreement shall terminate automatically upon any of the following events: (a) expiration of this Agreement's Term, (b) mutual written agreement of the Parties, or (c) either Northern Tier or Idaho Power Company giving the other not less than thirty (30) days written notice of termination.

2. **Scope of Services.** The Finance Agent shall perform those tasks set forth in Section 5 of the Funding Agreement, and as said Funding Agreement may be modified from time to time during the term of this Agreement.

3. **Reimbursement.**

a. The Finance Agent shall be entitled to reimbursement for its actual costs and expenses incurred in acting as the Finance Agent. A monthly invoice setting forth those costs shall be submitted by e-mail to each Party's Steering Committee Representative, (Representative) or their delegate, The Full Funders' Steering Committee Representative holding the position of the Steering Committee Utility Co-Chair ("Chairman"), or that Representative's delegate, shall make commercially reasonable efforts to review and approve the Finance Agent's invoice within 10 business days of its receipt. Upon receipt of approval from the Chairman, or the Chairman's

delegate, the Finance Agent shall be entitled to reimburse itself the invoiced amount from the Northern Tier Transmission Group general funds.

b. The Parties shall attempt to resolve questions or disputed items promptly and amicably. If necessary however, the Chairman or the Finance Agent may utilize the Dispute Resolution provisions of the Funding Agreement.

4. **Relationship of the Parties.** This Agreement shall not be interpreted or construed to create a trust, association, affiliation, joint venture, or partnership or to impose any trust or partnership obligation or liability between or among the Parties. No Party or groups thereof have any right, power, or authority under this Agreement to enter into any Agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of any other Party or groups thereof.

5. **Limit of Liability.** NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, IN NO EVENT SHALL THE FINANCE AGENT BE LIABLE FOR ANY DIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES. NORTHERN TIER'S SOLE REMEDY FOR ANY BREACH OF THIS AGREEMENT IS TO ENFORCE PROSPECTIVE COMPLIANCE WITH THIS AGREEMENT'S TERMS AND CONDITIONS.

6. **Amendment/Successors.** This Agreement shall be amended only by the written agreement of all Parties who continue to be Funding Members at the time any such amendment is undertaken. This Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective successors and assigns. Any Party may, without the consent of another, and by providing prior reasonable notice under the circumstances to the other Parties, assign this Agreement to any entity(ies) in connection with a merger, consolidation, or reorganization, provided that the assignee shall be bound by all of the obligations and duties of the assigning Party.

7. **Applicable Law.** No Party shall be considered the drafter of this Agreement for purposes of interpreting this Agreement. This Agreement shall be construed in accordance with laws of the State of New York. Venue for any disputes related to this Agreement shall be, unless otherwise agreed by the Parties, in the County and State in which the principal offices of the Finance Agent are located.

8. **Entire Agreement.** This Agreement and the Funding Agreement contain the entire agreement of the Parties.

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

10. **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.

11. **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.

12. **Execution in Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is executed and shall be effective as of the date provided in Section 1 above

DESERET GENERATION &
TRANSMISSION CO-OPERATIVE, INC.

NORTHWESTERN ENERGY

By /s/ Curt Winterfeld
Curt Winterfeld
Vice President

By /s/ Michael R. Cashell
Michael R. Cashell
Vice President - Transmission

PACIFICORP

UTAH ASSOCIATED MUNICIPAL
POWER SYSTEMS

By /s/ John Cupparo
John Cupparo
Senior Vice President, Transmission

By /s/ Marshall Empey
Marshall Empey
Manager – Operations and Planning

IDAHO POWER COMPANY

PORTLAND GENERAL ELECTRIC
COMPANY

By /s/ N. Vern Porter
N. Vern Porter
Vice President, Delivery Engineering
& Operations

By /s/ Frank Afranji
Frank Afranji
Director, Transmission/Reliability

ATTACHMENT 2

REDLINE

Northern Tier Transmission Group Funding Agreement 2012-2013

Northern Tier Transmission Group Funding Agreement

**~~2010-2011~~
2012-2013**

This Northern Tier Transmission Group Funding Agreement ("Funding Agreement"), is by and among the entities signing below which hereafter shall be referred to individually as "Party" and collectively as "Northern Tier" or "Parties."

Recitals

- C. The Parties are the funding entities for the Northern Tier Transmission Group and are Parties to the ~~Second Amended and Restated~~ Northern Tier Transmission Group Funding Agreement, 2010-2011.
- D. The Parties desire to revise the rights and obligations, including the allocation methodology, used by this Agreement to distribute the cost responsibility for funds collected hereunder.

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 – Effective Date:

- 1.1 Subject to acceptance for filing by the Federal Energy Regulatory Commission (FERC), the Effective Date of this Agreement shall be January 1, ~~2010~~2012.

Section 2 - Principles of Development:

- 2.1 An entity that ~~is engaged in the purchase or sale of electric transmission service in interstate commerce anywhere within the Footprint~~[†]meets the definition of (i) "Nominal Funder" or (ii) "Full Funder," as defined in Section 3.3, is eligible to enter into and be a Party to this Agreement.

- 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.

[†]~~The NTTG footprint is defined by the service territories of those entities that have executed the NTTG Funding Agreement, as may be amended from time to time.~~

2.3 To the extent practicable, each Party shall provide reasonable support from internal resources in order to achieve the completion of projects in a cooperative and timely manner as developed and approved by the NTTG Steering Committee through the mechanisms set forth in the NTTG Steering Committee Charter (Steering Charter).

Section 3 - Funding:

3.1 Each Party agrees to fund its allocated share of expenses required to support initiatives authorized by the Steering Committee. A ~~Parties' Party's~~ allocation shall be subject to the not to exceed limits provided for in Section 3.6 hereof, or as otherwise mutually agreed upon in writing by the Parties. Funding shall be provided pursuant to procedures set forth in Section 5 hereof and the Finance Agent Agreement, Exhibit B attached [hereto](#).

3.2 In the event a new entity executes this Agreement partially through a budget year, such new funding entity's allocation of expenses for the remainder of the budget year shall be pursuant to the terms set forth in Section 6.1 hereof.

3.3 For purposes of funding, Parties shall be considered either "Nominal Funders" or "Full Funders", as defined below and set forth in Exhibit A of this Agreement.

3.3.1 Nominal Funders – Non FERC jurisdictional transmission providers or customers dependent utilities that do not utilize NTTG planning processes or services to meet the requirements set forth in FERC's Order 890, participate in the NTTG planning process and are located within the service territories of the existing Full Funders to this Agreement.

3.3.2 Full Funders – Transmission providers that utilize NTTG planning processes or services to meet the requirements set forth in FERC's Order 890 and, Entities that (i) own, control, or operate facilities used for the transmission of electric energy in interstate commerce, (ii) if required, have an Open Access Transmission Tariff on file with FERC, (iii) are located adjacent to and interconnected with one or more of the existing Full Funders to this Agreement, (iv) utilize NTTG planning processes or services to meet transmission planning and cost allocation requirements set forth in FERC's Order 890, Order 1000 or related successor regulations or orders and (v) with the exception of portions of inter-regional transmission projects that pass through the service territories of the existing Full Funders to this Agreement and another transmission planning region, do not utilize any other transmission planning region process to satisfy transmission planning and cost allocation requirements related to facilities solely within the service territories of the existing Full Funders to this Agreement.

3.4 Northern Tier's approved budget and additional incremental costs approved by Full Funders to support initiatives authorized by the Steering Committee shall be allocated

among the Parties in accordance with Exhibit A. The allocation of Northern Tier's costs are adjusted in accordance with Exhibit A when (i) a Party joins or withdraws from NTTG pursuant to Section 6, (ii) an existing Party modifies its funding level, or (iii) budget modifications are approved. Consent of the Parties shall not be unreasonably withheld or delayed. Full Funders may amend the budget at any time by mutual written agreement. At a minimum, the Parties shall determine if any changes in the Annual Budget are necessary by May 30 of the prior year. Exhibit A may be modified upon mutual written agreement of the Parties, provided however, that such modification shall be subject to FERC acceptance if required.

3.5 A Party may change its funding designation set forth in Exhibit A only upon mutual written consent of all Parties. Consent of the Parties shall not be unreasonably withheld or delayed. Parties recognize that a revision of funding designation may require a change of the terms set forth and agreed to in this Agreement.

3.6 The budget, including additional funding to support incremental initiatives approved by the Steering Committee through the mechanisms set forth in the Steering Charter, shall only be increased by a unanimous vote of the Full Funders. Notwithstanding any other provision hereof, in no event shall the funding obligation of any Nominal Funder exceed the amount set forth in Exhibit A hereof, unless otherwise agreed in writing duly executed by the authorized representative of such Nominal Funder.

3.7 The budget shall be allocated to the following purposes:

- 3.7.1 Project management and support for initiatives proposed by the Transmission Use, Cost Allocation and Transmission Planning committees, as approved by the Steering Committee through the mechanisms set forth in the Steering Charter.
- 3.7.2 Resources dedicated to the facilitation of the Joint Initiative or other proposals, as approved by the Steering Committee.
- 3.7.3 Project management and administrative resources to support the general administration of Northern Tier.
- 3.7.4 Support of Finance Agent services.
- 3.7.5 Resources dedicated to facilitation of Northern Tier as a viable regional planning entity within the Western Electricity Coordinating Council (WECC) region.
- 3.7.6 Public relations needs.
- 3.7.7 Meeting facilities and associated support cost for public stakeholder meetings, Joint Initiative meetings, NTTG Committee meetings or other meetings conducted in support of proposals approved

by the Steering Committee.

3.7.7.1 NTTG in-person public stakeholder meetings funded through this provision shall be rotated on an equal basis between the locations below.

- 3.7.7.1.1 Boise, Idaho
- 3.7.7.1.2 Butte, Montana
- 3.7.7.1.3 Portland, Oregon
- 3.7.7.1.4 Salt Lake City, Utah

3.8 Expenditures of the Northern Tier funds shall only be approved and paid pursuant to the terms of Section 5 hereof.

3.9 Upon execution of this Agreement by all Parties, FERC's acceptance of the Agreement for filing, and establishment of the Finance Agent as set forth in Section 5.1, each Party shall submit the greater of (i) 25% of each Party's annual funding obligation calculated in accordance with Exhibit A, or (ii) the minimum amount needed to fulfill the requirements in Section 5.5 into the appropriate operating account as specified in Section 5.

Section 4 - Representation on Steering Committee:

4.1 Each Funding Member under this Funding Agreement shall be entitled to appoint one Representative to the Steering Committee. The rights and obligations of Steering Committee Representatives are set forth in the Steering Committee Charter.

Section 5 – Finance Agent:

5.1 The Parties shall appoint a Finance Agent to perform the services set forth in this Section 5 of the Agreement. The relationship between the Parties and the Finance Agent is set forth in the Finance Agent Agreement which is attached as Exhibit B.

5.2 Prior to the beginning of each budget year, the Parties shall prepare and approve (i) a budget for the upcoming budget year; (ii) a detailed forecast of the timing of expenditures contained in the budget; and (iii) the allocation of funding for the budget among the Parties in accordance with Exhibit A.

5.2.1 The proposed budget shall include but not be limited to coverage of administrative costs for the budget year, costs for projects approved by the Full Funders; and costs for services provided by the Finance Agent. Finance Agent costs shall be based on direct costs incurred by the Finance Agent in carrying out its responsibilities pursuant to this Agreement and the Finance Agent Agreement.

5.3 Approval of all Parties, including both Nominal Funders and Full Funders under this Agreement, shall be required to approve allocation of funding responsibility for a budget

year. Modification of the budget to provide for funding responsibility may be done by Full Funders if necessary. However, Nominal Funders shall not be required to fund any increased cost provided by a modification to a budget.

5.4 The Finance Agent shall track actual expenditures against the budget, and notify the Full Funders and Project Manager when the need for additional funds, not reflected in the budget, becomes known. Whenever it is determined that the budget needs to be modified to fund new program initiatives or any other requirements of the Parties, the Full Funders shall, in cooperation with the Project Manager, develop and approve within 30 days of such notification, the appropriate revisions to the budget. Such revisions shall be binding only upon the Full Funders of the Agreement.

5.5 The Finance Agent shall commingle funds provided pursuant to the Funding Agreement and this agreement (“NTTG Funds”) with its general funds. Finance Agent shall develop financial documents that track NTTG Funds received from the Parties and the expenditure of those funds in addition to the tracking of expenses against the budget.

5.6 The Finance Agent shall establish a minimum cash balance for NTTG Funds based on the budget and the expected timing of expenditures, so that there shall be sufficient funds to pay for invoices approved by the Utility Co-chair, or their delegate. If the Finance Agent determines that the existing budget amounts that are billed quarterly to the Parties are insufficient either (i) a notification shall be sent to the Parties of the need to either reduce scope of services or increase the budget, or (ii) a cash call beyond the quarterly billing amounts outlined in Section 5.6 shall be sent out by the Finance Agent to the Parties.

5.7 The Finance Agent shall submit cash calls to the Parties to establish the cash reserves required by Section 5.6, and shall submit an invoice for its costs and expenses as set forth in the Finance Agent Agreement on a quarterly basis, or on a more frequent basis as outlined in Section 5.6, according to the cost allocations of the budget calculated pursuant to Section 3.4.

5.8 Each Party shall provide the Finance Agent with the e-mail address of its representative authorized to receive invoices and the name and e-mail address of a second person authorized by the Party to receive invoices, which shall be sent by the Finance Agent pursuant to this Agreement via e-mail or other electronic communications.

5.9 All amounts billed to the Parties under this Agreement shall be due and payable to the Finance Agent within 15 business days following the billing date. The billing date shall be the date on which invoices are sent to the Parties.

5.10 Failure of a Party to pay amounts billed within the time specified in the Finance Agent Agreement shall constitute a payment default under this Agreement. The Finance Agent shall provide written notice of the existence of a payment default to the defaulting Party and the non-defaulting Parties within 10 calendar days following the date of payment default. After receipt of such notice of payment default, the defaulting Party shall take all steps necessary to promptly and completely cure such payment default within 30 calendar days of the date that the

Finance Agent mailed or delivered the notice of payment default to the defaulting Party. In the event that the defaulting Party does not cure the payment default within 30 calendar days of the date that the Finance Agent mailed or delivered the notice of payment default to the defaulting Party, the defaulting Party must withdraw from this Agreement according to the terms in Section 6.

5.11 The Finance Agent shall provide no interest on NTTG Funds.

5.12 Upon dissolution of this Agreement, either by mutual written agreement or failure to renew this Agreement at the termination date, the remaining funds not needed to fulfill existing obligations and commitments shall be repaid to all Parties pro rata based upon their contribution percentages.

5.13 The Finance Agent shall disburse NTTG Funds only upon email approval from the Utility Co-chair, or that representative's delegate. Furthermore, the Finance Agent's obligation to pay approved disbursements is limited to the monies actually collected from funding calls to the Parties made pursuant to Sections 5.6 and 5.9 of the Agreement. The Finance Agent's obligation is to pay an approved invoice with NTTG Funds, and the Finance Agent has no obligation to pay any approved invoices with the Finance Agent's general funds.

5.14 The Finance Agent shall be bonded to a level mutually acceptable by all Parties if the Finance Agent service is not provided by a Party to this Agreement.

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

6.1 Process of Joining. Entities that meet the requirements of Section 2.1 may become Parties upon mutual consent of all existing Parties by executing the Agreement and providing each Party an original of the signature page; provided, however, the Agreement as amended shall not become effective until the Agreement is accepted for filing by FERC with conditions acceptable to all signatories to the Agreement. [Prior to execution of this Agreement by any entity, the existing Parties to this Agreement shall determine whether such entity will be a Nominal Funder or Full Funder, consistent with the requirements of Section 3.3.1 and 3.3.2.](#) By executing the Agreement the entity accepts the decisions of the Steering Committee as approved through the mechanisms set forth in the Steering Charter. A joining Party shall be responsible prospectively for its share of costs based upon the approved budget according to the formula referenced in Section 3.4 and set forth in Exhibit A; provided, however, in the event an additional Party is added in the middle of a budget cycle (e.g., a calendar year), the allocation of the associated costs for their respective share, as indicated in Section 3.4, shall be reduced pro rata in the partial year based on the number of remaining calendar days in the year in which it joins divided by 365. All other Parties' respective shares shall be adjusted accordingly. In any following budget period, the additional Party shall bear its full allocated funding share of the Agreement. The allocation of costs shall commence as of the date the joining Party executes the Agreement but shall not be invoiced until the amended Agreement is accepted for filing by FERC.

6.2 Withdrawal. Subject to the approval of FERC, if necessary, for a withdrawal to

become effective, 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 (“Withdrawing Party”), and shall no longer be considered a Party. Upon providing written notice of its withdrawal, the Withdrawing Party shall pay an amount equal to one-half of the amount of budgeted costs and expenses not yet billed by the Finance Agent (Withdrawal Obligation), based on the then current budget. In addition, the Withdrawing Party shall continue to be obligated to fulfill obligations incurred up to the time of withdrawal, including participation in initiatives previously participated in by Withdrawing Party until the next deliverable date outlined in the respective project charters approved by the Steering Committee through the mechanisms set forth in the Steering Charter. Notwithstanding the foregoing, in no event shall a Withdrawing Party be obligated to make any payment in excess of the annual funding obligation for such Withdrawing Party. If the quantity of remaining funds from the Withdrawing Party under the control of the Finance Agent is above the amount needed to fulfill the Withdrawal Obligation, the Finance Agent shall refund the remaining funds to the Withdrawing Party within 30 days of the notice of withdrawal.

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 to re-join this Agreement. Parties being reinstated shall not receive a credit for funds forfeited pursuant to Section 6.2.

Section 7 - Administration:

7.1 Parties Bear Own Costs. Each Party shall bear its own costs and expenses associated with participating in Northern Tier 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 be through December 31, 2011-2013.

9.2 The term of this ~~agreement~~Agreement shall be extended only upon mutual written agreement of all Parties.

Section 10 – Ownership of Products

10.1 All information, data, reports, results, or other products funded through mechanisms set forth in this Agreement shall be considered to be in the public domain and available to all Parties for their undivided use; provided, Parties retain the right to engage in separate agreements addressing specific ownership rights of information, data, reports, results, or other products funded through mechanisms outside the scope of this Agreement.

Section 11 – Dispute Resolution

11.1 Parties agree to use the following dispute resolution process for disputes under the provisions of this Agreement, other than 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 on an informal basis as promptly as practicable. 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 Utility Co-chair, or such other period as the Parties may mutually agree upon, the Parties shall proceed to Step 2.

Step 2 – If mutual agreement is not reached in Step 1, disputing Parties shall use mediation and/or arbitration to resolve the dispute upon mutual agreement of the disputing Parties.

Section 12 – Headings

12.1 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

13.1 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

14.1 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

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

Section 16 – Amendments

16.1 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

17.1 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

18.1 This Agreement and the Finance Agent Agreement constitute the entire agreement of the Parties. Covenants or representations not contained or incorporated therein shall not be binding upon the Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date of the last signature below.

DESERET GENERATION &
TRANSMISSION CO-OPERATIVE, INC.

By _____
Curt Winterfeld
Vice President

Date _____

NORTHWESTERN ENERGY

By _____
Michael R. Cashell
~~Chief Vice President - Transmission Officer~~

Date _____

PACIFICORP

By _____
John Cupparo
Senior Vice President, Transmission
Planning

Date _____

UTAH ASSOCIATED MUNICIPAL
POWER SYSTEMS

By _____
~~Doug Hunter~~ Marshall Empey
~~General~~ Manager Operations and

Date _____

IDAHO POWER COMPANY

By _____
N. Vern Porter
Vice President, Delivery Engineering
Transmission/Reliability
& Operations

Date _____

PORTLAND GENERAL ELECTRIC
COMPANY

By _____
~~Joe McArthur~~ Frank Afranji
~~Vice President~~ Director,

Date _____

EXHIBIT A

Allocation of Funding

Northern Tier's costs associated with its budget shall be allocated among the Parties according to the following formulas:

BUDGET = Annual budget amount as defined in Section 3, "Funding."

SERVICES = Total transmission services measured in total annual MW provided as outlined in each Parties' respective 2006 FERC Form 1 columns (e), (f), (g), (h), (i) and WECC's current Net Energy to Load Ratio.

(A) = Each Party multiplied by \$17,000 per funder

(B) = 7.5% of the remaining BUDGET not allocated in (A) divided by the total number of Full Funders

(C1) = 0.05 multiplied by the total number of Full Funders with SERVICES under 17,500 MW

(C2) = 0.25 multiplied by the total number of Full Funders with SERVICES between 17,500 MW and 100,000 MW

(C3) = 0.50 multiplied by the total number of Full Funders with SERVICES over 100,000 MW

(C) = (C1) + (C2) + (C3)

(D1) = (C1) divided by (C) multiplied by 65.9% of the remaining BUDGET not allocated in (A) divided by the total number of Full Funders with SERVICES under 17,500 MW

(D2) = (C2) divided by (C) multiplied by 65.9% of the remaining BUDGET not allocated in (A) divided by the total number of Full Funders with SERVICES between 17,500 MW and 50,000 MW

(D3) = (C3) divided by (C) multiplied by 65.9% of the remaining BUDGET not allocated in (A) divided by the total number of Full Funders with SERVICES over 50,000 MW

(E) = 26.6% multiplied by the remaining BUDGET not allocated in (A) multiplied by pro-rata share of the net energy to load of each Full Funder which operates a control area as defined in their respective WECC submittal for the current year.

Nominal Funders allocation = (A)

Full Funders allocation = (A) + (B) + the respective SERVICES class of (D1), (D2), or (D3) + (E)

EXHIBIT B

Finance Agent Agreement

NORTHERN TIER TRANSMISSION GROUP

FINANCE AGENT AGREEMENT

Calendar Years ~~2010~~2012 – ~~2011~~2013

This Finance Agent Agreement ("Agreement"), is by and among Deseret Generation & Transmission Co-operative, Idaho Power Company, Northwestern Energy, PacifiCorp, Portland General Electric Company and Utah Associated Municipal Power Systems (hereinafter individually referred to as "Utility" or "Party" and collectively as "Northern Tier" or "Parties").

WHEREAS, the Northern Tier Transmission Group Funding Agreement ~~2010~~2014~~2012~~2013 ("Funding Agreement") directs the Parties' to appoint a Finance Agent to perform the functions set forth in Section 5 of the Funding Agreement; and

WHEREAS, the Parties Steering Committee Representatives have duly appointed Idaho Power Company (Idaho Power) as the Finance Agent, and Idaho Power accepts said appointment.

NOW THEREFORE, the Parties agree as follows:

1. **Term and Termination.** The term of this Agreement shall, subject to acceptance by the Federal Energy Regulatory Commission, be effective January 1, ~~2010~~2012 and shall expire December 31, ~~2014~~2013 ("Term"). The Term of this Agreement may be extended only upon mutual written agreement of the Parties. This Agreement shall terminate automatically upon any of the following events: (a) expiration of this Agreement's Term, (b) mutual written agreement of the Parties, or (c) either Northern Tier or Idaho Power Company giving the other not less than thirty (30) days written notice of termination.

2. **Scope of Services.** The Finance Agent shall perform those tasks set forth in Section 5 of the Funding Agreement, and as said Funding Agreement may be modified from time to time during the term of this Agreement.

3. **Reimbursement.**

a. The Finance Agent shall be entitled to reimbursement for its actual costs and expenses incurred in acting as the Finance Agent. A monthly invoice setting forth those costs shall be submitted by e-mail to each Party's Steering Committee Representative,(Representative) or their delegate, The Full Funders' Steering Committee Representative holding the position of the Steering Committee Utility Co-Chair ("Chairman"), or that Representative's delegate, shall make commercially reasonable efforts to review and approve the Finance Agent's invoice within 10 business days of its receipt. Upon receipt of approval from the Chairman, or the Chairman's

delegate, the Finance Agent shall be entitled to reimburse itself the invoiced amount from the Northern Tier Transmission Group general funds.

b. The Parties shall attempt to resolve questions or disputed items promptly and amicably. If necessary however, the Chairman or the Finance Agent may utilize the Dispute Resolution provisions of the Funding Agreement.

4. **Relationship of the Parties.** This Agreement shall not be interpreted or construed to create a trust, association, affiliation, joint venture, or partnership or to impose any trust or partnership obligation or liability between or among the Parties. No Party or groups thereof have any right, power, or authority under this Agreement to enter into any Agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of any other Party or groups thereof.

5. **Limit of Liability.** NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, IN NO EVENT SHALL THE FINANCE AGENT BE LIABLE FOR ANY DIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES. NORTHERN TIER'S SOLE REMEDY FOR ANY BREACH OF THIS AGREEMENT IS TO ENFORCE PROSPECTIVE COMPLIANCE WITH THIS AGREEMENT'S TERMS AND CONDITIONS.

6. **Amendment/Successors.** This Agreement shall be amended only by the written agreement of all Parties who continue to be Funding Members at the time any such amendment is undertaken. This Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective successors and assigns. Any Party may, without the consent of another, and by providing prior reasonable notice under the circumstances to the other Parties, assign this Agreement to any entity(ies) in connection with a merger, consolidation, or reorganization, provided that the assignee shall be bound by all of the obligations and duties of the assigning Party.

7. **Applicable Law.** No Party shall be considered the drafter of this Agreement for purposes of interpreting this Agreement. This Agreement shall be construed in accordance with laws of the State of New York. Venue for any disputes related to this Agreement shall be, unless otherwise agreed by the Parties, in the County and State in which the principal offices of the Finance Agent are located.

8. **Entire Agreement.** This Agreement and the Funding Agreement contain the entire agreement of the Parties.

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

10. **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.

11. **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.

12. **Execution in Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is executed and shall be effective as of the date provided in Section 1 above

DESERET GENERATION &
TRANSMISSION CO-OPERATIVE, INC.

NORTHWESTERN ENERGY

By _____
Curt Winterfeld
Vice President
Officer

By _____
Michael R. Cashell
Chief Vice President - Transmission

PACIFICORP

UTAH ASSOCIATED MUNICIPAL
POWER SYSTEMS

By _____
John Cupparo
Senior Vice President, Transmission
and Planning

By _____
Doug Hunter Marshall Empey
General Manager – Operations

IDAHO POWER COMPANY

PORTLAND GENERAL ELECTRIC
COMPANY

By _____
N. Vern Porter
Vice President, Delivery Engineering
Transmission/Reliability
& Operations

By _____
Joe McArthur Frank Afranji
Vice President Director,

ATTACHMENT 3

Certificate of Concurrence

**Submitted by
Idaho Power Company**

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

**CERTIFICATE OF CONCURRENCE
OF
IDAHO POWER COMPANY**

This is to certify that Idaho Power Company assents to and concurs in the rate schedule described below, which Portland General Electric Company has filed, and hereby files this certificate of concurrence in lieu of the filing of the rate schedule specified.

Rate Schedule Title: Northern Tier Transmission Group Funding Agreement 2012-2013

Designated Filing Company (“DFC”): Portland General Electric Company

DFC Joint Tariff Description: Second Revised Rate Schedule FERC No. 17

Respectfully submitted,

/s/ Richard J. Garlish

By: _____
Richard J. Garlish
Attorney
Idaho Power Company

Dated: December 30, 2011

ATTACHMENT 4

Tariff Record

**Submitted by
Idaho Power Company**

Idaho Power Company

Idaho Power Joint Tariff Name: Third Revised Rate Schedule FERC No. 152

Designated Filing Company (“DFC”): Portland General Electric Company

DFC Tariff Program: Electric TCS and MBR

DFC Tariff Title: Other Rate Schedules

DFC Joint Tariff Description: Second Revised Rate Schedule FERC No. 17

ATTACHMENT 5

Certificate of Concurrence

Submitted by
Deseret Generation & Transmission Co-operative, Inc.

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

**CERTIFICATE OF CONCURRENCE
OF
DESERET GENERATION & TRANSMISSION CO-OPERATIVE, INC.**

This is to certify that Deseret Generation & Transmission Co-operative, Inc. assents to and concurs in the rate schedule described below, which Portland General Electric Company has filed, and hereby files this certificate of concurrence in lieu of the filing of the rate schedule specified.

Rate Schedule Title: Northern Tier Transmission Group Funding Agreement 2012-2013

Designated Filing Company (“DFC”): Portland General Electric Company

DFC Joint Tariff Description: Second Revised Rate Schedule FERC No. 17

Respectfully submitted,

/s/ Craig W. Silverstein

By: _____
Craig W. Silverstein
Attorney
Deseret Generation & Transmission Co-operative, Inc.

Dated: December 30, 2011

ATTACHMENT 6

Tariff Record

**Submitted by
Deseret Generation & Transmission Co-operative, Inc.**

Deseret Generation & Transmission Co-operative, Inc.

Deseret Joint Tariff Name: Third Revised Rate Schedule FERC No. 25

Designated Filing Company (“DFC”): Portland General Electric Company

DFC Tariff Program: Electric TCS and MBR

DFC Tariff Title: Other Rate Schedules

DFC Joint Tariff Description: Second Revised Rate Schedule FERC No. 17

ATTACHMENT 7

Certificate of Concurrence

**Submitted by
NorthWestern Corporation**

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

**CERTIFICATE OF CONCURRENCE
OF
NORTHWESTERN CORPORATION**

This is to certify that NorthWestern Corporation assents to and concurs in the rate schedule described below, which Portland General Electric Company has filed, and hereby files this certificate of concurrence in lieu of the filing of the rate schedule specified.

Rate Schedule Title: Northern Tier Transmission Group Funding Agreement 2012-2013

Designated Filing Company (“DFC”): Portland General Electric Company

DFC Joint Tariff Description: Second Revised Rate Schedule FERC No. 17

Respectfully submitted,

/s/ Andrew McLain

By: _____

Andrew McLain
Attorney
NorthWestern Corporation

Dated: December 30, 2011

ATTACHMENT 8

Tariff Record

**Submitted by
NorthWestern Corporation**

NorthWestern Corporation

NorthWestern Joint Tariff Name: Third Revised Rate Schedule FERC No. 253

Designated Filing Company (“DFC”): Portland General Electric Company

DFC Tariff Program: Electric TCS and MBR

DFC Tariff Title: Other Rate Schedules

DFC Joint Tariff Description: Second Revised Rate Schedule FERC No. 17

ATTACHMENT 9

Certificate of Concurrence

**Submitted by
PacifiCorp**

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

**CERTIFICATE OF CONCURRENCE
OF
PACIFICORP**

This is to certify that PacifiCorp assents to and concurs in the rate schedule described below, which Portland General Electric Company has filed, and hereby files this certificate of concurrence in lieu of the filing of the rate schedule specified.

Rate Schedule Title: Northern Tier Transmission Group Funding
Agreement 2012-2013

Designated Filing Company (“DFC”): Portland General Electric Company

DFC Joint Tariff Description: Second Revised Rate Schedule FERC No. 17

Respectfully submitted,

/s/ Ryan Flynn

By: _____
Ryan Flynn
Attorney
PacifiCorp

Dated: December 30, 2011

ATTACHMENT 10

Tariff Record

**Submitted by
PacifiCorp**

PacifiCorp

PacifiCorp Joint Tariff Name: Third Revised Rate Schedule FERC No. 612

Designated Filing Company (“DFC”): Portland General Electric Company

DFC Tariff Program: Electric TCS and MBR

DFC Tariff Title: Other Rate Schedules

DFC Joint Tariff Description: Second Revised Rate Schedule FERC No. 17