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June 19, 2013

VIA ELECTRONIC FILING

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

**Re: *Puget Sound Energy, Inc.*, Docket No. ER13-____-000
Order No. 1000 Compliance Filing (Interregional)**

Dear Secretary Bose:

Pursuant to Part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations,¹ section 206 of the Federal Power Act,² Order No. 1000,³ the Notice Granting an Extension of Time to Submit Interregional Compliance Filings issued on February 26, 2013, and the Notice of Filing Procedures for Order 1000 Electronic Compliance Filings issued on September 19, 2012, Puget Sound Energy, Inc. ("PSE") hereby submits for filing PSE's revised Attachment K to its Open Access Transmission Tariff ("Tariff") as its compliance filing (interregional) required by Order No. 1000 ("Compliance Filing"). PSE's Attachment K relies, in substantial part, on PSE's participation in the ColumbiaGrid regional transmission planning process and the provisions of the ColumbiaGrid Planning and Expansion Functional Agreement ("PEFA") to achieve compliance with Order No. 1000.⁴ PSE is attaching for informational

¹ 18 C.F.R. Part 35.

² 16 U.S.C. § 824e.

³ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051 (2011) ("Order No. 1000"), *order on reh'g and clarification*, 139 FERC ¶ 61,132 (2012) ("Order No. 1000-A"), *order on reh'g*, 141 FERC ¶ 61,044 (2012) ("Order No. 1000-B").

⁴ In early 2007, ColumbiaGrid initially filed the PEFA on behalf of its jurisdictional members, Avista Corporation ("Avista") and PSE, as ColumbiaGrid Rate Schedule No. 1. The Commission first accepted the PEFA

purposes the proposed Fourth Restated PEFA, that is intended to facilitate PSE's Order 1000 compliance and, that if executed PSE anticipates filing as PSE's Rate Schedule FERC No. CG1 for Commission acceptance.⁵ As explained more fully below, because PSE's Attachment K substantially relies on its participation in ColumbiaGrid, PSE's revised Attachment K submitted in this filing cannot become effective until such time as the Fourth Restated PEFA is effective.

I. Contents of Filing

PSE respectfully tenders for filing an electronic copy of the following documents:

1. This transmittal letter;
2. Redline version of PSE's Attachment K (Attachment A);
3. Clean version of PSE's Attachment K (Attachment B);
4. Redline version of proposed Fourth Restated PEFA (Attachment C) (redlined against the Third Restated PEFA and provided for informational purposes only);
5. *Pro Forma* Interregional Common Language (Attachment D) (for informational purposes only); and

in an order issued on April 3, 2007. *ColumbiaGrid*, 119 FERC ¶ 61,007 (2007). Since that time, the PEFA has been amended three times. ColumbiaGrid filed the first two of those amendments with FERC on behalf of Avista and PSE. Those amendments were accepted by FERC. *See* Docket Nos. ER08-457 and ER10-585. The third amendment to the PEFA (the Third Restated PEFA) was to facilitate compliance with the regional Order 1000 requirements and was filed by Avista and PSE as Avista and PSE rate schedules in Docket Nos. ER13-93 and ER13-98, respectively, in conjunction with Avista's and PSE's regional Order 1000 compliance filing filed in Docket Nos. ER13-94 and ER13-99, respectively. As explained in the transmittal letter accompanying Avista's and PSE's filings of the Third Restated PEFA, upon the Commission's acceptance of the Third Restated PEFA's filed by both Avista and PSE without modification or condition, PSE anticipates that ColumbiaGrid will take appropriate steps to terminate ColumbiaGrid Rate Schedule No. 1. To the extent the Fourth Restated PEFA is filed as Avista and PSE rate schedules, and those rate schedules become effective without modification or condition prior to the Third Restated PEFA becoming effective, PSE anticipates that ColumbiaGrid will similarly take appropriate steps to terminate ColumbiaGrid Rate Schedule No. 1.

⁵ The proposed Fourth Restated PEFA is attached hereto as Attachment C. If it becomes effective, the Fourth Restated PEFA is intended to completely supersede and replace, as among the executing parties, the Third Restated PEFA submitted to the Commission on October 11, 2012 in Docket No. ER13-98 in conjunction with PSE's Order 1000 regional compliance filing filed in Docket No. ER13-99.

6. Interregional Flow Diagram (Attachment E) (for informational purposes only).

II. Contacts

PSE respectfully requests that the following persons be included on the official service list in these proceedings and that all communications concerning this filing be addressed to them:

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

III. DESCRIPTION OF FILING

PSE participates in regional transmission planning through ColumbiaGrid⁶ as a party to the PEFA. The Planning Parties under the PEFA currently include jurisdictional and non-jurisdictional utilities. PSE submits the revised Attachment K attached hereto in response to the interregional transmission planning requirements of Order No. 1000.

As discussed in greater detail herein, after a comprehensive collaborative process encompassing the four transmission planning regions in the United States portion of the Western

⁶ ColumbiaGrid is a non-profit corporation that was formed in 2006 to better provide regional planning within the Pacific Northwest. ColumbiaGrid is a regional transmission planning entity with a Staff with expertise in regional planning and a functionally independent Board.

Interconnection (the “Planning Regions”),⁷ entities that comprise the Planning Regions, including PSE, developed common tariff language addressing the interregional transmission coordination and cost allocation planning requirements of Order No. 1000 (“Common Language”). PSE’s proposed interregional transmission planning process submitted in this interregional Order 1000 Compliance Filing relies on, and is intertwined with, PSE’s regional Order 1000 compliance filing and related Third Restated PEFA filing, both of which are currently pending before the Commission in Docket Nos. ER13-99 and ER13-98 respectively. As explained more fully below, because PSE’s Order 1000 interregional planning processes in PSE’s Attachment K substantially rely on implementation of those processes through PSE’s participation in ColumbiaGrid as reflected in the proposed Fourth Restated PEFA, PSE’s interregional Compliance Filing submitted herein cannot become effective until such time as the Fourth Restated PEFA is effective.

At such time as the Fourth Restated PEFA becomes effective, it is intended that the Fourth Restated PEFA supersede and replace the Third Restated PEFA in its entirety and that the Fourth Restated PEFA supersede and replace all other prior versions of the PEFA in their entirety as among those entities that execute the Fourth Restated PEFA. Several non-jurisdictional entities that executed the Third Restated PEFA have indicated reluctance to enter into further amendments to the PEFA (including the proposed Fourth Restated PEFA) absent further action by the Commission on Avista’s and PSE’s regional Order 1000 Compliance Filings. Accordingly, the Planning Parties have not yet sought authorization to execute and have not executed the Fourth Restated PEFA.

All of the proposed changes to PSE’s Attachment K submitted in this Compliance Filing should, subject to Commission acceptance, become effective at such time as the Fourth Restated PEFA becomes effective. At such time as the Fourth Restated PEFA becomes effective in accordance with its terms, PSE anticipates that it will submit a new version of its Attachment K finally incorporating those changes proposed in this Compliance Filing and removing all provisions that are superseded by such proposed changes.

A. Summary of Interregional Provisions and Flow Diagram

In Order No. 1000, the Commission required each pair of transmission planning regions to work through their regional transmission planning processes to develop the same language to be included in each public utility transmission provider’s Open Access Transmission Tariff (“Tariff”) that describes the procedures to be used to satisfy the following requirements:

⁷ The Planning Regions are ColumbiaGrid, Northern Tier Transmission Group (“NTTG”), WestConnect, and the California Independent System Operator Corporation (“CAISO”).

- The interregional transmission coordination procedures for neighboring planning regions;⁸
- The sharing of information regarding the respective needs of neighboring planning regions as well as the identification and joint evaluation by the neighboring transmission planning regions of potential interregional transmission facilities that address those needs;⁹
- The identification and joint evaluation of transmission facilities that are proposed to be located in more than one planning region;¹⁰
- The exchange of planning data and information between neighboring transmission planning regions at least annually;¹¹
- The maintenance of a website or email list, either by individual public utility transmission providers or through their transmission planning regions, for communication of information related to interregional transmission coordination.¹²

In addition to the requirements listed above, Order No. 1000 also requires “public utility transmission providers in a transmission planning region to have, together with the public utility transmission providers in its own transmission planning region and a neighboring transmission planning region, a common method or methods for allocating the costs of a new interregional transmission facility in the two neighboring transmission planning regions in which the transmission facility is located.”¹³

Through a collaborative interregional process, participants in the Planning Regions, including PSE, developed the *pro forma* Common Language that each public utility transmission provider in the Planning Regions is incorporating into its respective tariff in response to the requirements in Order No. 1000 for public utility transmission providers in neighboring regions to have the same tariff language regarding certain interregional transmission planning processes and to have a common method or methods for allocating the costs of new interregional

⁸ Order No. 1000 at P 475.

⁹ Order No. 1000 at PP 345-346.

¹⁰ Order No. 1000 at PP 345-346.

¹¹ Order No. 1000 at PP 345-346.

¹² Order No. 1000 at PP 345-346.

¹³ Order No. 1000 at P 578. The cost allocation method or methods used by the pair of neighboring transmission regions can differ from the cost allocation method or methods used by each region to allocate the cost of a new interregional transmission facility within that region. *Id.*

transmission facilities to the Relevant Planning Regions. For informational purposes only, PSE is providing the *pro forma* Common Language as Attachment D. The Common Language that is to be incorporated into PSE's proposed Attachment K at such time as the Fourth Restated PEFA becomes effective is submitted in this Compliance Filing as a new Section 13 in Part III of PSE's Attachment K (such incorporation shown in redline in Attachment B) and is also incorporated into the proposed Fourth Restated PEFA as Section 13 of Appendix A (such incorporation shown in redline in Attachment C).

The Common Language in Section 13 of Appendix A of the proposed Fourth Restated PEFA is to be implemented through Section 14 of Appendix A of the proposed Fourth Restated PEFA, which is also to be incorporated into PSE's Attachment K submitted in this Compliance Filing as a new Section 14 in Part III at such time as the Fourth Restated PEFA becomes effective. At such time, Part III, Section 10, of PSE's Attachment K will be amended to incorporate those changes required to incorporate the Order 1000 Cost Allocation provisions of the proposed Fourth Restated PEFA applicable to Interregional Transmission Projects. Appendix A, Definitions, of PSE's Attachment K will also be replaced to accommodate the revised and new terms applicable to PSE's interregional Compliance Filing. Finally, PSE is proposing to submit certain minor edits throughout its Attachment K to correct certain typographical and formatting errors contained in its Attachment K.

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

1. Year 1 of the Flow Diagram

The interregional coordination process begins with each Planning Region making available its Annual Interregional Information, which may include (i) the current planning cycle study plan, or underlying information that would typically be included in a study plan, (ii) initial study reports (or system assessments) from the current or previous planning cycle; and (iii) the regional transmission plan from the previous planning cycle. These data may be used to

determine appropriate power flow cases and study assumptions and methodologies to be used during each Planning Region's current planning cycle. Each Planning Region makes this Annual Interregional Information available to the other Planning Regions as described in Section 2 of the Common Language and depicted in the Flow Diagram by the "Interregional Data Sharing" bubbles.

Pursuant to the Common Language, each Planning Region is to participate in an Annual Interregional Coordination Meeting, which is open to stakeholders.¹⁴ In both years of the planning cycle, prior to the Annual Interregional Coordination Meeting, each Planning Region is to make available its Annual Interregional Information by posting such information on its website, as described in Section 3 of the Common Language and depicted in the Flow Diagram by the arrows from each region to the "Annual Interregional Coordination Meeting" box. At the first-year Annual Interregional Coordination Meeting, the Planning Regions and stakeholders are to have the opportunity to identify conceptual interregional solutions that may meet regional transmission needs in two or more Planning Regions more efficiently or cost effectively.

Following the first-year Annual Interregional Coordination Meeting, each Relevant Planning Region, with regard to an Interregional Transmission Project ("ITP") that has been properly submitted (as described in Section 4.1 of the Common Language),¹⁵ is to participate in the joint evaluation of such ITP as described in Section 4.2 of the Common Language and depicted in the Flow Diagram by the "Regional Needs Analysis" box. Each Relevant Planning Region is to confer with each other Relevant Planning Region on project data and cost and study assumptions and methodologies, as illustrated by the "Interregional Data Sharing" bubbles in the Flow Diagram. Following this analysis, the CAISO publishes a final transmission plan, ColumbiaGrid publishes any updates to its system assessment report and Northern Tier Transmission Group generates a draft transmission plan. Within WestConnect, the first year of the regional transmission planning cycle is focused on the task of identifying regional needs, and development of a regional transmission plan occurs in the second year.

When there has been a request with regard to an ITP for an Interregional Cost Allocation that is properly submitted (as described in Section 5.1 of the Common Language), the CAISO and Northern Tier Transmission Group participants and ColumbiaGrid (if and to the extent such Planning Regions are Relevant Planning Regions) produce an initial determination of ITP

¹⁴ Common Language at § 3.

¹⁵ An "Interregional Transmission Project" means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Tariff Section 4.1. Common Language at § 1.

benefits.¹⁶ Each Relevant Planning Region is to share its determination of regional ITP benefits with the other Relevant Planning Regions to provide an ITP cost assignment among the Relevant Planning Regions, as depicted in the Flow Diagram and described in Section 5.2 of the Common Language. The Relevant Planning Regions may share these plans and benefit determinations with stakeholders as depicted in the Flow Diagram by the arrows to the Year 2 link symbol (see Section 5.2(b) of the Common Language).

2. Year 2 of the Flow Diagram

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

Following the second-year Annual Interregional Coordination Meeting, each Planning Region will have the opportunity to incorporate information from other Planning Regions and stakeholders into its study plan, if applicable, and proceed to complete its transmission plan analysis and initial regional cost allocation. As described in Section 5.2 of the Common Language, each Relevant Planning Region is to determine if a properly-submitted ITP is a more cost effective or efficient solution to a transmission need in its region. To do so, each Relevant Planning Region is to use what its regional cost allocation would be, based on its assigned *pro rata* share of projected ITP costs, in determining whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation.¹⁷ If all the Relevant Planning Regions have selected an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, then such Relevant Planning Regions will each finalize their cost allocation and transmission plans, as depicted in the Flow Diagram at the end of each Relevant Planning Region's swim lane (see Section 6.1 of the Common Language).

However, if not all Relevant Planning Regions select the ITP in their regional transmission plans for purposes of Interregional Cost Allocation, but at least two Relevant Planning Regions have so selected the ITP, the Relevant Planning Regions that have selected the

¹⁶ PSE understands that the WestConnect Applicants are reviewing needs through the WECC Transmission Expansion Planning Policy Committee process in year one and that the initial determination of benefits in the WestConnect Planning Region occurs in year two, quarter one.

¹⁷ Also, pursuant to Common Language Section 5.2(e), each Relevant Planning Region is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; ColumbiaGrid may use such information to identify its total share of the projected costs of the ITP to be assigned to ColumbiaGrid in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in ColumbiaGrid.

ITP in their regional transmission plans for purposes of Interregional Cost Allocation are to continue the analysis according to Common Language Section 6.2, with the planning cycle continuing beyond the second year as depicted in the Flow Diagram at the end of the “Tariff Section” swim lane.

B. Requirements for Implementing Interregional Transmission Coordination

In Order No. 1000, the Commission required that each public utility transmission provider ensure that the following requirements are included in the applicable interregional transmission coordination procedures: (1) a commitment to coordinate and share the results of each transmission planning region’s regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so; (2) a formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions; (3) an agreement to exchange, at least annually, planning data and information; and (4) a commitment to maintain a website or e-mail list for the communication of information related to the coordinated planning process.¹⁸ PSE respectfully submits that each of these requirements is satisfied with the Planning Regions’ approach to interregional transmission coordination as reflected in the Common Language.

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

The Commission required each public utility transmission provider, through its regional transmission planning process, to establish procedures with each of its neighboring transmission planning regions for the purpose of coordinating and sharing the results of regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities.¹⁹ In addition to committing to share regional transmission planning information, the Commission directed each public utility transmission provider to develop and implement additional procedures that provide for the sharing of information regarding the respective transmission needs of each neighboring transmission planning region, and potential solutions to those needs, as well as the identification and joint evaluation of interregional transmission alternatives to those regional needs.²⁰

¹⁸ Order No. 1000 at App. C, pp. 613-14.

¹⁹ *Id.* P 396.

²⁰ *Id.* P 398.

Pursuant to the Common Language, the Planning Regions are to share their regional transmission plans to facilitate the joint identification of interregional transmission projects and evaluation of whether proposed interregional transmission projects would address regional transmission needs more efficiently or cost-effectively than separate regional transmission projects. The Common Language includes the requisite procedures governing the sharing of regional transmission planning information and needs and the identification and joint evaluation of potential interregional transmission solutions.

2. Procedures to Identify and Jointly Evaluate Interregional Transmission Facilities

The Commission required each public utility transmission provider to develop a formal procedure to identify and jointly evaluate interregional transmission facilities that are proposed to be located in neighboring transmission planning regions.²¹ Regarding the applicable procedures, the Commission stated that the developer of an interregional transmission project must first propose its project in the regional transmission planning processes of each of the planning regions in which the transmission facility is proposed to be located.²² In addition, the neighboring transmission planning regions must jointly evaluate the proposed interregional transmission project within the same general timeframe as each planning region's individual consideration of the proposed transmission project.²³ Finally, each public utility transmission provider, through its transmission planning region, must develop procedures by which differences in the data, models, assumptions, planning horizons, and study criteria can be identified and resolved for purposes of jointly evaluating the proposed interregional transmission facility.²⁴

The Common Language includes procedures to identify and jointly evaluate transmission facilities that are proposed to be located in more than one Planning Region. For consideration and joint evaluation in the interregional transmission planning process, the proponent of an ITP must submit the project to the Relevant Planning Regions no later than March 31st of any even-numbered calendar year in accordance with the requirements of each Planning Region's regional

²¹ *Id.* P 435.

²² *Id.* PP 436 & 442.

²³ *Id.* PP 436, 438 & 440. The Commission expects the public utility transmission providers to develop a time line that "provides a meaningful opportunity to review and evaluate through the interregional transmission coordination procedures information developed through the regional transmission planning process and, similarly, provides a meaningful opportunity to review and use in the regional transmission planning process information developed in the interregional transmission coordination procedures." *Id.* at P 439.

²⁴ *Id.* P 437.

transmission planning process.²⁵ In its submittal, to facilitate joint evaluation, the ITP proponent must include a list of all Planning Regions to which the project is submitted.²⁶

For properly submitted ITPs, the Relevant Planning Regions are to initiate joint evaluation of the proposed ITP in conjunction with their individual consideration of the proposed ITP pursuant to their regional transmission planning processes.²⁷ When conducting the joint evaluation, the Relevant Planning Regions are to confer with each other regarding the data and costs associated with the proposed ITP and the study assumptions and methodologies to use in evaluating the project in each regional transmission planning process.²⁸ Each Relevant Planning Region is to confer with the other Relevant Planning Regions and identify the appropriate transmission studies the Relevant Planning Region is to use in its regional planning process. Each Relevant Planning Region is to seek to resolve any differences it has with the other Relevant Planning Regions regarding the ITP if those differences would affect the evaluation of the ITP.²⁹ During the second year of the interregional transmission planning process, each Relevant Planning Region is to determine under its regional transmission planning process if the proposed ITP is a more cost effective or efficient solution to one or more of its regional transmission needs.³⁰ If a Relevant Planning Region determines that the ITP would not satisfy any of its regional transmission needs, it is to notify the other Relevant Planning Region(s), and it is not obligated to continue the joint evaluation of the proposed project.³¹ In accordance with its regional transmission planning process, each Relevant Planning Region is to provide stakeholders with an opportunity to participate during the evaluation of the ITP.³²

3. Annual Exchange of Planning Data and Information

The Commission required each public utility transmission provider to adopt interregional transmission coordination procedures that provide for the exchange of planning data and information between transmission planning regions at least annually.³³ The Commission stated

²⁵ Common Language, Section 4.1. For projects seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region, the proponent of the ITP must submit the project to each such Planning Region in accordance with the applicable regional transmission planning processes. *Id.*

²⁶ Common Language, Section 4.1.

²⁷ Common Language, Section 4.2.

²⁸ Common Language, Section 4.2.

²⁹ Common Language, Section 4.2(a).

³⁰ Common Language, Section 4.2(d).

³¹ Common Language, Section 4.2(c).

³² Common Language, Section 4.2(b).

³³ Order No. 1000 at P 454.

that these procedures must include the specific obligations for sharing planning data and information rather than only an agreement to do so.³⁴

As set forth in the Common Language, each Planning Region is to participate in an Annual Interregional Coordination Meeting, which should be convened in February, but not later than March 31, of each year.³⁵ Prior to the Annual Interregional Coordination Meeting, each Planning Region is “to make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in that Planning Region’s transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:
 - (a) identification of base cases;
 - (b) planning study assumptions; and
 - (c) study methodologies;
- (ii) initial study reports (or system assessments); and
- (iii) regional transmission plan”³⁶

At the Annual Interregional Coordination Meeting the Planning Regions may, as described in Common Language Section 3, discuss each Planning Region’s most recent Annual Interregional Information, interregional solutions that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently, and updates of the status of ITPs being evaluated or previously included in a Planning Region’s regional transmission plan.³⁷ The Annual Interregional Coordination Meeting is to be open to stakeholder attendance.³⁸

³⁴ *Id.* P 455.

³⁵ Common Language, Section 3.

³⁶ Common Language, Section 2.

³⁷ Common Language, Section 3.

³⁸ Common Language, Section 3.

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

The Commission required public utility transmission providers to maintain a website or e-mail list for the communication of information related to interregional transmission coordination procedures.³⁹ The Commission indicated that this information could be maintained on an existing public utility transmission provider's website or on a regional transmission planning website, and must be posted in a manner allowing stakeholders to distinguish between interregional and regional transmission planning information.⁴⁰

The Common Language provides that each Planning Region is to post its Annual Interregional Information on its website in accordance with its regional transmission planning process.⁴¹ A Planning Region is not required to post information that is not developed by the Planning Region, information that is to be provided by another Planning Region, or information that would violate the Commission's Standards of Conduct or other applicable legal requirements.⁴² In addition, pursuant to the Planning Region's regional transmission planning process, any Annual Interregional Information posted by a Planning Region shall be subject to applicable confidentiality and Critical Energy Infrastructure Information restrictions, and any other applicable laws.⁴³

C. Compliance With Interregional Cost Allocation Principles

The following table summarizes PSE's response to the Order No. 1000 interregional cost allocation principles.

³⁹ Order No. 1000 at P 458.

⁴⁰ *Id.*

⁴¹ Common Language, Section 2.

⁴² Common Language, Section 2.

⁴³ Common Language, Section 2.

| | Order 1000 Interregional Cost Allocation Principle | Common Language |
|---|--|--|
| 1 | Costs of new interregional transmission facilities must be allocated to each transmission planning region in which that transmission facility is located in a manner that is at least roughly commensurate with the estimated benefits of that transmission facility in each of the transmission planning regions. | Benefits of an ITP determined by each region are used as the basis for assigning projected costs of the ITP among the regions; that is, each region will be assigned a share of the projected costs of the ITP that is <i>pro rata</i> to its share of the total determined benefits of all regions. ⁴⁴ |
| 2 | A transmission planning region that receives no benefit from an interregional transmission facility that is located in that region, either at present or in the likely future scenario, must not be involuntarily allocated any of the costs of that transmission facility. | Consistent with the requirements of Order 1000, projected costs may only be assigned to regions to which the proposed ITP is proposed to be connected. Because benefits of an ITP determined by each region are used as the basis for assigning projected costs of the ITP among the regions and because regions that are not determined to have benefits are not assigned projected costs of the ITP, there is no involuntary allocation of costs to non-beneficiary regions. ⁴⁵ |
| 3 | Allows, but does not require, use of benefit to cost threshold so long as any such threshold does not exceed a ratio of benefits to costs that exceeds 1.25, unless justified. | Under the Common Language, a benefit-to-cost threshold is not used. ⁴⁶ An individual region may use a benefit-to-cost threshold to determine whether to select an ITP as the more efficient or cost-effective solution to need(s) in its region as set forth in such region's Order 1000 regional filing. |
| 4 | Costs allocated for an interregional transmission facility must be assigned only to transmission planning regions in which the transmission facility is located. Costs may not be involuntarily assigned to a transmission planning region in which the transmission facility is not located. ⁴⁷ | Under the common tariff language costs may only be assigned to Relevant Planning Regions. ⁴⁸ Relevant Planning Regions are defined as regions to which the proposed ITP is proposed to be connected. ⁴⁹ |

⁴⁴ Common Language, Section 5.2.

⁴⁵ Common Language, definition of Interregional Transmission Project; Section 5.2.

⁴⁶ See generally Common Language.

⁴⁷ Under section 14.4 of the proposed Fourth Restated PEFA and Part III, Section 14.4 of PSE's Attachment K, the projected costs of any ITP, for purposes of Interregional Cost Allocation, are to include the projected costs

| | Order 1000 Interregional Cost Allocation Principle | Common Language |
|---|--|--|
| 5 | Transparent method for determining benefits and identifying beneficiaries. | The interregional cost allocation method is straightforward and transparent: benefits of an ITP determined by each region are used as the basis for assigning projected costs of the ITP among the regions; that is, each region will be assigned a share of the projected costs of the ITP that is <i>pro rata</i> to its share of the total determined benefits of all regions. ⁵⁰ Transparency for stakeholders regarding data used in the cost allocation is provided by, among other things, providing stakeholders an opportunity to participate in each region's cost allocation activities and the regional planning process. ⁵¹ |
| 6 | Allows, but does not require, different cost allocation methodologies for different types of interregional facilities. | Application of same cost assignment methodology to all Interregional Transmission Projects that are Order 1000 Projects. ⁵² |

As illustrated in the table above, the Common Language meets the six interregional cost allocation principles of Order No. 1000.

IV. CONDITIONAL ASPECT OF FILING

As discussed above, PSE's proposed interregional transmission planning process submitted in this interregional Order 1000 Compliance Filing relies on, and is intertwined with, PSE's regional Order 1000 compliance filing and related Third Restated PEFA filing, both of which are currently pending before the Commission in Docket Nos. ER13-99 and ER13-98 respectively. Until such time as the proposed Fourth Restated PEFA and the Avista and PSE Attachment Ks implementing the proposed Fourth Restated PEFA become effective as filed,

required as a result of such ITP, if any, that (I) relate to transmission facilities outside any Relevant Planning Region and (II) all transmission providers in the Relevant Planning Regions that are beneficiaries of such ITP agree, in writing with all other beneficiaries, to bear. *See* Order No. 1000 at P 657 (interregional Cost Allocation Principle 4).

⁴⁸ Common Language, Section 5.2.

⁴⁹ Common Language, definition of Relevant Planning Region.

⁵⁰ Common Language, Section 5.2.

⁵¹ Common Language, Sections 4.2.b and 5.2.b.

⁵² Common Language, Section 5.2.

consistent with section 17.1 of the proposed Fourth Restated PEFA,⁵³ it is appropriate that the pre-Order 1000 PEFA (or if it becomes effective in accordance with its terms, the Third Restated PEFA) remain in effect. If the proposed Fourth Restated PEFA does not become effective, it will be necessary to negotiate further revisions to the PEFA and attempt to reach agreement among the Parties, including the non-jurisdictional Planning Parties, in order to have a PEFA upon which Avista's and PSE's Attachment Ks may be based. Continued participation by non-jurisdictional utilities under the PEFA is beneficial to regional transmission planning.

V. SERVICE

PSE will post a copy of this filing on its OASIS.

VI. WAIVER

To the extent necessary, PSE requests waiver of any applicable requirements of 18 C.F.R. Part 35 in order to allow its Compliance Filing submitted herein to become effective in the manner described herein.

VII. CONCLUSION

For the reasons set forth above, PSE respectfully requests that the Commission accept its Compliance Filing submitted herewith, with such acceptance conditioned as discussed above.

⁵³ In this regard, section 17.1 of the proposed Fourth Restated PEFA includes the following:

Except as provided in section 17.2 [with respect to subsequently executing Planning Parties], this Fourth Amendment and Restatement of this Agreement shall become effective for all executing Parties upon their execution and delivery of this Fourth Amendment and Restatement of this Agreement or such later date as may be designated by the Commission; *provided that* with respect to a Planning Party subject to Commission jurisdiction, if the Commission asserts jurisdiction and does not accept this Agreement or any subsequent amendment for filing or accepts this Agreement or any subsequent amendment for filing but in connection with such acceptance requires a change in, or imposes a new condition on, this Agreement, this Agreement shall be effective thereafter only if all of the executing Parties agree in writing to such change or condition.

The Honorable Kimberly D. Bose
June 19, 2013
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Very truly yours,

PERKINS COIE LLP

/s/ Donald G. Kari

Donald G. Kari

Enclosure

Enclosures

Attachment A

ATTACHMENT K
TRANSMISSION PLANNING PROCESS

PART I. INTRODUCTION

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

Transmission Provider will pursuant to this Attachment K develop and update annually a ten year plan for Transmission Provider’s Transmission System (“PSE Plan”). The PSE Plan will identify new transmission facilities and facility replacements or upgrades planned by Transmission Provider for its Transmission System over the ensuing ten years. The Transmission Provider’s transmission planning process will include open planning meetings that the Transmission Provider will conduct at least twice a year to allow anyone, including, but not limited to, network and point-to-point customers, interconnected systems, regulatory and state bodies and other Persons, to provide input into and comment on the Transmission Provider’s development and annual update of the PSE Plan.

The ColumbiaGrid planning process is structured to support and manage the coordination of the multi-system planning (including related studies) of Transmission Provider and other ColumbiaGrid Transmission Owner or Operator Planning Parties (or TOPPs). Such responsibilities are detailed in the ColumbiaGrid Planning and Expansion Functional Agreement (or PEFA), which is posted on the ColumbiaGrid Website. Part III of this Attachment K describes Transmission Providers’ participation in transmission planning as a party to the PEFA.

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

PART II. RESPONSIBILITIES UNDER ATTACHMENT K

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

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

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

PART III.
THE COLUMBIAGRID TRANSMISSION PLANNING PROCESS

1. Introduction

The Transmission Provider participates in ColumbiaGrid regional planning as a party to the PEFA. ColumbiaGrid is a non-profit membership corporation whose purpose is to promote, in the public interest, coordinated and reliable planning, expansion, and operation of the interconnected transmission systems in the Pacific Northwest, taking into consideration environmental concerns, regional interests, and cost-effectiveness.

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

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

The planning process described in this Part III to be followed under the PEFA by ColumbiaGrid and the Planning Parties is more fully described in the PEFA, including specifically its Appendix A. Under the PEFA, any entity that owns or operates or proposes to own or operate transmission facilities in the Pacific Northwest may sign the PEFA, and thereby become a Planning Party. Under section 1.56 of the PEFA, ColumbiaGrid is to maintain a list of the Planning Parties on its Website. (<http://www.columbiagrid.org/>) Planning Parties are the entities that, as signatories to the PEFA, agree to participate in the ColumbiaGrid regional transmission planning process and agree that transmission facilities in the Pacific Northwest that they own or operate or propose to own or operate are included in the Order 1000 ColumbiaGrid Planning Region.

In developing each Plan, ColumbiaGrid is to conduct such activities consistent with the PEFA and is to endeavor to:

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

(ii) model and study the RIS facilities through a system assessment and other analyses assuming that the information necessary to model the Projects is available and taking into account the input of Planning Parties and Interested Persons with respect to Potential Needs, including Potential Needs driven by a Public Policy Requirement;

(iii) through the system assessment, identify Needs for which potential solutions should be identified and evaluated and task Study Teams to work in an open, transparent, non-discriminatory, and collaborative manner (subject to

ColumbiaGrid's obligation to protect Confidential Information and CEII pursuant to the PEFA) to identify and evaluate solutions to address such Needs and evaluate such solutions, including their consistency with the solution evaluation factors described in section 2.3 of Appendix A of the PEFA;

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

(v) for Projects other than Order 1000 Projects, as appropriate, apply the cost allocation provisions of sections 5.4, 6.4, 8.4, or 9.4 of Appendix A of the PEFA;

(vi) coordinate, as appropriate, with the planning activities of other regional planning entities and neighboring transmission systems, including other transmission planning regions (as such term is used in Order 1000);

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

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

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

Under section 1.66 of the PEFA, ColumbiaGrid is to maintain a list of the Planning Parties on its Website. Planning Parties are the entities that, as signatories to the PEFA, agree to participate in the ColumbiaGrid transmission planning process and agree that transmission facilities in the Pacific Northwest that they own or operate or propose to own or operate are included in the Order 1000 ColumbiaGrid Planning Region.

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

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

2. Criteria and Factors

2.1 Planning Criteria

Under section 2 of Appendix A of the PEFA, ColumbiaGrid is to apply the then current versions of the following as Planning Criteria for its system assessment, System Assessment Reports, and Need Statements:

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

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

2.2 Needs Factors

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

- (i) the level and form of support for addressing the Potential Need (such as indications of willingness to purchase capacity and existing transmission service requests that could use capacity consistent with solutions that would address the Potential Need);
- (ii) the feasibility of addressing the Potential Need;
- (iii) the extent, if any, that addressing the Potential Need would also address other Potential Needs; and
- (iv) the factual basis supporting the Potential Need.

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

2.3 Solution Evaluation Factors

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

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

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

2.4 Non-Transmission Alternatives

In the evaluation of a Non-Transmission Alternative, if the Study Team determines that such alternative has a reasonable degree of development, eliminates or defers the Need(s) being studied by the Study Team, and is reasonable and adequate considering the factors described in section 2.3 of Appendix A of the PEFA, the Non-Transmission Alternative should be noted in the Plan. If such alternative is adopted by the Person on whose Electric System it would be located, such Non-Transmission Alternative is to be included in the assumptions used in future system assessments, subject to subsequent updates on the status of such Non-Transmission Alternative.

3. System Assessment Report and Need Statements

Each year, ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to, under section 3 of Appendix A of the PEFA, prepare a Draft System Assessment Report that includes Draft Need Statements for the Biennial Plan then being developed; *provided that* Draft Need Statements need not be prepared for a Draft System Assessment Report for the second year of a Planning Cycle for any Need already identified in the previous system assessment or for any EOP Need that does not require a Near-Term EOP solution. Under the PEFA, the procedure for the preparation of the Draft System Assessment Report and Draft Need Statements is to be as follows:

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

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

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

- 1. Potential Need of a TOPP identified by such TOPP:
 - A. to respond to requests for transmission service and interconnection;
 - B. to increase capacity on its Transmission System; and
 - C. for a Single System Project;and
- 2. Potential Need identified by any Person for increased transmission capacity on the RIS.

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

3.1.2 ColumbiaGrid is to perform the system assessment and base such assessment on the then current and appropriate WECC planning base cases; *provided that* Planning Parties are to provide updates to the input previously provided to ColumbiaGrid pursuant to sections 4.1 and 4.6 of the body of the PEFA. ColumbiaGrid is to insofar as practicable update the then current WECC planning base case to reflect such updated information so that the system assessment reflects on-going projects on the RIS and the likely completion dates of such projects to the extent such projects and completion dates are reasonably forecasted to occur prior to the end of the Planning Horizon.

3.1.3 ColumbiaGrid is to determine in each system assessment, with respect to any Order 1000 Project included in the Plan, the status and on-going progress of such Project. The Order 1000 Sponsor is to provide for each such system assessment, and such determination is to be based on, updated Project information. The system assessment is to include an assessment of whether such Project continues to be expected to meet the underlying Need(s) in a timely manner. If such Project does not so continue

to be expected to meet such Need(s) in a timely manner, ColumbiaGrid may remove such Project from its Biennial Plan. Upon such removal, such Project is not to be an Order 1000 Project. It is recognized that such removal may result in alternative solutions in the transmission planning process to meet any applicable Need(s).

3.1.4 ColumbiaGrid is to post drafts of the system assessment results as they become available during the system assessment process on its Website subject to any appropriate conditions to protect Confidential Information and CEII.

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

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

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

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

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

1. a narrative description of the Need and the assumptions, applicable Planning Criteria, and methodology used to determine the Need;
2. one or more conceptual transmission-based solutions to meet the Need with estimated timelines and estimated costs to implement each such solution; and
3. an indication of whether a non-transmission solution might be viable to eliminate or delay the necessity for such a transmission-based solution.

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

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first sentence of this section 3.1.6 to read as follows:

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

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

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

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

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

4. Study Teams

ColumbiaGrid, under section 4 of Appendix A of the PEFA, is to facilitate and participate in Study Teams. Planning Parties are to, and Affected Persons and Relevant State and Provincial Agencies and other Interested Persons may, actively participate in ColumbiaGrid planning activities through membership in Study Teams.

4.1 Scope of Study Team Activities

ColumbiaGrid in consultation with each Study Team is to, under section 4.3 of the PEFA, endeavor to notify the following Persons of the formation and scope of activities of such Study Team with respect to a Proposed Project: (i) all Affected Persons with respect to such Project, (ii) all Persons potentially interested in such Study Team, and (iii) the Interested Persons List, including Pacific Northwest transmission owners and operators and State, Provincial, and Tribal representatives on the Interested Persons List. ColumbiaGrid is to develop protocols regarding procedures designed to identify and notify States and Provinces, including agencies responsible for facility siting, utility regulation, and general energy policy, Tribes, and Pacific Northwest transmission owners and operators that are potentially impacted by Needs or solutions regarding the activities of Study Teams addressing such Needs or solutions. For example, the protocol should include a provision stating that at such time as it becomes apparent to a Study Team that Tribal resources or lands may be impacted, the Study Team should make a reasonable attempt to notify potentially impacted Tribes of its work. ColumbiaGrid may work with the Planning Parties and Pacific Northwest Tribes to compile a database of Tribal lands and culturally significant areas for use under such a protocol.

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

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

In performing such evaluation, the Study Team is to assess the ability of any such proposed solution to address a Need(s) considering the factors as described in section 2.3 of Appendix A of the PEFA. In addition, the Study Team is to assess whether there is a solution that is a more cost-effective and efficient alternative, applying such factors, to address Need(s). Taking such assessments into account, Study Teams are to attempt to reach agreement on all of the elements, as appropriate, of a plan of service to meet such Need(s).

A Study Team's evaluation may not necessarily result in a plan of service.

The specific objective of a Study Team's discussions is to vary based upon the underlying Need(s). With respect to an EOP Need, a Study Team is to develop a proposed solution that addresses an EOP Need in a Need Statement. With respect to a Requested Service Project, the Study Team is to develop a proposed solution that serves the request for service in a manner that meets time constraints. With respect to a Single System Project, a Proposed Project's sponsor that is a TOPP may request a Study Team for Project development if such Proposed Project's sponsor also requests an Order 1000 Cost Allocation for such Project. If a

TOPP proposing a Single System Project has not requested a Study Team, ColumbiaGrid may convene a Study Team to identify whether there are Material Adverse Impacts resulting from such Project. With respect to a Capacity Increase Project, a Proposed Project's sponsor that is a TOPP may request a Study Team for Project development. If a TOPP proposing a Proposed Capacity Increase Project has not requested a Study Team, any Affected Person may request a Study Team to identify and address Material Adverse Impacts resulting from such Proposed Capacity Increase Project.

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

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

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

With respect to an ITP submitted pursuant to Section 14.2 of Appendix A of the PEFA, a Study Team is to evaluate such ITP as a proposed solution for a Need(s).

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

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

4.3 Participation in Study Teams

Any Planning Party, Affected Person, or Relevant State and Provincial Agency or other Interested Person may participate in a Study Team, with the exception that participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law. TOPP(s) that are potentially materially affected by an EOP Need or a Proposed EOP are to participate in the Study Team relating to such EOP Need or Proposed EOP. With respect to an EOP, the TOPP(s) primarily affected by the EOP Need or a Proposed EOP is to assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to a Proposed Requested Service Project, the TOPP(s) receiving a transmission service or interconnection request is to assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to a Proposed Single System Project or Proposed Capacity Increase Project for which the Project's sponsor has requested that a Study Team assist in Project development, the Planning Party proposing such Project is to assume primary responsibility for leading and performing necessary analytical work in the Study Team.

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

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

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

With respect to an ITP, and consistent with Section 14.3 of Appendix A of the PEFA, the TOPP(s) or ITP Proponent(s) that submitted the ITP is to assume primary responsibility for leading and performing necessary analytical work for such ITP in the Study Team.

4.4 Formation of Study Teams

Under section 4.4 of Appendix A of the PEFA, Staff is to (i) hold a public meeting, with general notice to Planning Parties and Relevant State and Provincial Agencies and other Interested Persons and specific notice to those TOPPs that ColumbiaGrid anticipates may be affected, for the purpose of reviewing each Need Statement(s) and soliciting participation in a Study Team to address each Need Statement; (ii) also inform Planning Parties and “Interested [Persons]” (*see* PEFA Appendix A, section 4.4) regarding those Study Teams that have been requested in accordance with the PEFA for purposes other than addressing Needs; (iii) also consider convening Study Teams that address more than one Need Statement; and (iv) monitor the progress of each Study Team and, as appropriate, bring Study Teams together in order to resolve differences, gain efficiencies or effectiveness, or develop solutions that meet more than one Need Statement.

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

Under section 4.4 of Appendix A of the PEFA, Staff is to (i) hold a public meeting, with general notice to Planning Parties and Relevant State and Provincial Agencies and other Interested Persons and specific notice to those TOPPs that ColumbiaGrid anticipates may be affected, for the purpose of reviewing each Need Statement(s) and soliciting participation in a Study Team to address each Need Statement; (ii) also inform Planning Parties and Interested Persons regarding those Study Teams that have been requested in accordance with the PEFA for purposes other than addressing Needs; (iii) also consider convening Study Teams that address more than one Need Statement; and (iv) monitor the progress of each Study Team and, as appropriate, bring Study Teams together in order to resolve differences, gain efficiencies or effectiveness, or develop solutions that meet more than one Need Statement.

5. Development of EOPs After Development of Need Statements

5.1 Formation of Study Teams

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

5.2 Elements of an EOP

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

5.3 Non-Transmission Alternatives

As part of the Study Team process, the Study Team is to, as provided in section 2.4 of Appendix A of the PEFA, evaluate, using factors that include those identified in section 2.3 of Appendix A of the PEFA, any Non-Transmission Alternative proposed by a Study Team participant. (Examples of Non-Transmission Alternatives may include demand-side load reduction programs, peak-shaving projects, and distributed generation.) If the Study Team determines that such alternative has a reasonable degree of development, eliminates or defers the EOP Need(s) being studied by the Study Team, and is reasonable and adequate under such criteria, the Non-Transmission Alternative should be noted in the Plan and, if adopted by the Person on whose Electric System it would be located, included in the assumptions used in future system assessments, subject to subsequent updates on the status of such Non-Transmission Alternative.

5.4 Completion of a Proposed EOP

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

In the event that such Affected Persons do not reach agreement on any element(s) of a “[p]roposed Near-Term EOP” (*see* PEFA Appendix A, section 5.4), the Staff is to make a recommendation for any unresolved element(s) of a “[p]roposed Near-Term EOP” (*see* PEFA Appendix A, section 5.4) and may, as the Staff finds appropriate, present fully-developed alternatives for the Board’s consideration. The Staff is to inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is

still not agreement among the Affected Persons, the Staff is to include its recommendation in the Draft Plan. In such event, ColumbiaGrid is to, in the absence of an Order 1000 Cost Allocation, endeavor to make an equitable allocation of the costs of a Staff-Recommended EOP taking into account (i) the causation of the EOP Need giving rise to such EOP or (ii) the delay or elimination during the Planning Horizon of any EOP Need as a result of such EOP. Where there are two affected TOPPs, and one has an EOP Need and the best way to meet that EOP Need is to upgrade facilities on the other TOPP's system, ColumbiaGrid is to allocate costs in a form of Facilities Agreement to the TOPP causing the EOP Need. ColumbiaGrid may also allocate costs to a TOPP in a Facilities Agreement whose EOP Need does not give rise to the Staff-Recommended EOP but that has an EOP Need during the Planning Horizon that is met by such Staff-Recommended EOP; *provided that* ColumbiaGrid is not to allocate costs to such TOPP in an amount that exceeds the cost that would have been incurred by such TOPP had it met its EOP Need with a separate EOP. The Staff is not to allocate costs based upon other potential future system benefits. When the Staff submits the Draft Plan to the Board for approval, the Staff is to identify such elements and is to include a summary analysis of minority positions on any aspect of such Staff-Recommended EOP.

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

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

6. Requested Service Projects

6.1 Receipt of Transmission Service or Interconnection Request

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

6.2 Requested Service Assessment; Formation of Study Teams

Under section 6.2 of Appendix A of the PEFA, when a TOPP has a completed transmission service application, determines that it does not have sufficient capacity to serve such request and reasonably believes that the requested service may impact a transmission system other than that of such TOPP, and the customer has indicated to the TOPP that it wants to pursue further study, such TOPP is to notify ColumbiaGrid that it has a request for a study.

ColumbiaGrid is to perform a Requested Service Assessment to determine which transmission systems, including those of non-Planning Parties, are affected.

Under section 6.2 of Appendix A of the PEFA, when a TOPP has received an interconnection request and reasonably believes that such request or a Proposed Project to satisfy the request will affect a transmission system other than that of such TOPP, such TOPP is to notify ColumbiaGrid of such request and such determination. ColumbiaGrid is to perform a Requested Service Assessment to determine which transmission systems, including those of non-Planning Parties, are affected.

In each such instance in section 6.2 of Appendix A of the PEFA, ColumbiaGrid is to notify those Persons it determines are potentially Affected Persons and convene a Study Team, which should develop a study agreement in accordance with the TOPP's policies and procedures; *provided that* participation in Study Teams convened for an interconnection request may be limited consistent with such TOPP's OATT and applicable law. ColumbiaGrid, in consultation with Planning Parties and Interested Persons, is to cluster requests for purposes of performing studies when practical. The TOPP with the request is to inform its transmission or interconnection requesting Person regarding the needed study and the estimated costs. If the transmission or interconnection requesting Person is willing to assume the costs of such study and instructs the TOPP to proceed, the Study Team is to develop a solution to provide sufficient capacity to serve the request.

Under section 6.2 of Appendix A of the PEFA, upon execution of a study agreement, ColumbiaGrid is to (subject to any applicable confidentiality requirements under the OATT under which the transmission or interconnection service request was submitted) post the request, information concerning any clustering of the request, the identity of the parties to the study agreement, and the study schedule, and is to from time to time update the posting to provide other pertinent information.

6.3 Elements of a Requested Service Project

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

6.4 Completion of a Proposed Requested Service Project

A Proposed Requested Service Project is to be ready for inclusion in a Draft Plan when (i) all of the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team have agreed to each element of such Proposed Requested Service Project, (ii) the Study Team has confirmed that such Project meets the request and has appropriately mitigated Material Adverse Impacts resulting from such Project on any transmission systems, and (iii) the requestor has agreed to pursue the Project. Such Proposed Requested Service Project may be memorialized in a Project agreement prior to its inclusion in a Draft Plan and, in

such instance, is to be included in such Draft Plan for informational purposes. In the event that such Affected Persons do not reach agreement on a Proposed Requested Service Project in whole or in part within a reasonable time, Staff is to make a recommendation for any unresolved element(s) and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff is to inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement amongst the Affected Persons, the Staff is to develop a recommended plan of service. If there is an accompanying EOP Need which can be delayed or eliminated by the Staff-Recommended Requested Service Project within the Planning Horizon, ColumbiaGrid is to, in the absence of an Order 1000 Cost Allocation, endeavor to make an equitable allocation of costs of such Staff-Recommended Requested Service Project based upon the affected TOPP's OATT requirements and the delay or elimination of the EOP Need. ColumbiaGrid may allocate costs in a Facilities Agreement to a TOPP that has an EOP Need during the Planning Horizon that is met by the Staff-Recommended Requested Service Project; *provided that* ColumbiaGrid is not to allocate costs in an amount that exceeds the cost that would have been incurred by such TOPP had it met its EOP Need with a separate potential EOP. The Staff is not to allocate costs based upon other potential future system benefits. A Staff-Recommended Requested Service Project is not to have any unmitigated Material Adverse Impacts resulting from such Project on any transmission systems. The Staff may present more than one Staff-Recommended Requested Service Project for the Board to select from. When the Staff submits the Staff Recommended Project to the Board for approval, the Staff is to identify any unresolved element(s) and is to include a summary analysis of positions advanced by any Affected Persons on such unresolved element(s). If the Staff-Recommended Requested Service Project is approved by the Board and agreed upon by the requestor and all Affected Persons it is to be included in the Plan.

7. Single System Projects

7.1 Notification of Single System Projects

Under the PEFA, each Planning Party is to advise ColumbiaGrid of any Single System Projects that it is planning on its Transmission System. Single System Projects may be for purposes of addressing a Need(s) or for another purpose.

If the system assessment performed by Staff under section 3 of Appendix A of the PEFA identifies an EOP Need on a single Transmission System, Staff is to inform the subject TOPP of such EOP Need and, if such TOPP concludes that such EOP Need may be resolved on its Transmission System, the TOPP is to inform ColumbiaGrid of such resolution. In such instances, the Staff is to include such EOP Need in the Draft System Assessment Report for informational purposes.

7.2 Formation of Study Team to Evaluate Material Adverse Impacts

If any Affected Person requests, in accordance with section 7.2 of Appendix A of the PEFA, a Study Team to evaluate Material Adverse Impacts resulting from a potential Single System Project and if a Study Team has not otherwise been requested pursuant to section 7.3 of Appendix A of the PEFA for such Project, ColumbiaGrid is to convene a Study Team to evaluate Material Adverse Impacts. If there are no unmitigated Material Adverse Impacts, ColumbiaGrid

is to include such potential Single System Project in the Plan as a Single System Project for informational purposes and include such Single System Project in future system assessments, subject to subsequent updates on the status of such Project. If there are unmitigated Material Adverse Impacts, such potential Project is not to be a Single System Project.

7.3 Formation of Study Team for Project Development

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

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

In the event that Affected Persons do not reach agreement on any element(s) of such Proposed Single System Project, and the Sponsor has not withdrawn its request for an Order 1000 Cost Allocation, the Staff is to make a recommendation for any unresolved element(s) of such Project and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff is to inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement among the Affected Persons, the Staff is to include its recommendation in the Draft Plan.

8. Capacity Increase Projects

8.1 Notification of Capacity Increase Projects

Under the PEFA, each Planning Party is to advise ColumbiaGrid of any Capacity Increase Projects that it is planning or anticipates participating in on the RIS. Capacity Increase Projects may be for purposes of addressing a Need(s) or for another purpose.

8.2 Formation of Study Team

8.2.1 Formation of Study Team for Project Development. If the Proposed Project's sponsor requests a Study Team for Project development, ColumbiaGrid is to convene such Study Team for such purpose. In the event that Affected Persons do not reach agreement on any element(s) of a Proposed Capacity Increase Project developed by a Study Team convened for Project development of such Project, and the Project's sponsor(s) so requests, the Staff is to make a recommendation for any unresolved element(s) of such Project and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff is to inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement among the Affected Persons, the Staff is to include its recommendation in the Draft Plan.

8.2.2 Formation of Study Team for Evaluation of Material Adverse Impacts. If any Affected Person requests a Study Team to evaluate Material Adverse Impacts resulting from a Proposed Capacity Increase Project for which a Study Team has not otherwise

been requested pursuant to section 8.2.1 of Appendix A of the PEFA, ColumbiaGrid is to convene a Study Team to evaluate Material Adverse Impacts.

8.3 Elements of Capacity Increase Project

A Capacity Increase Project in a Biennial Plan (or Plan Update) is to include the following elements: plan of service, estimated costs, the expected amount of transmission capacity added for each new or existing path, reasons for the Project, alternatives considered using the solution evaluation factors described in section 2.3 of Appendix A of the PEFA, the Persons who are responsible for the costs and construction of the Project, the owners and operators of the added facilities, schedule, including estimated completion date, transmission rights allocation, Material Adverse Impacts, if any, and any mitigation of Material Adverse Impacts; *provided that* any unmitigated Material Adverse Impacts are to be subject to resolution in the WECC “regional” planning or path rating process.

8.4 Request for Cost Allocation for Proposed Capacity Increase Project

In the absence of an Order 1000 Cost Allocation, a TOPP may request a cost allocation recommendation from ColumbiaGrid on a Proposed Capacity Increase Project if the related Study Team is unable to come to voluntary agreement on the cost allocation. This recommendation is to be non-binding but can be used by the Study Teams to facilitate agreement on cost allocation.

If ColumbiaGrid is otherwise unable to arrive at a non-binding recommendation for cost allocation as provided in this section, ColumbiaGrid’s non-binding recommendation is to be to allocate 100 percent of the costs of such Proposed Capacity Increase Project among the Persons participating in such Project in proportion to the expected amount of added transmission capacity to be received by each such Person from such Project.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 8.4 by combining it into one paragraph and amending it to read in its entirety as follows:

In the absence of an Order 1000 Cost Allocation, a TOPP may request a cost allocation recommendation from ColumbiaGrid on a Proposed Capacity Increase Project if the related Study Team is unable to come to voluntary agreement on the cost allocation. This recommendation is to be non-binding but can be used by the Study Teams to facilitate agreement on cost allocation. If ColumbiaGrid is otherwise unable to arrive at a non-binding recommendation for cost allocation as provided in section 8.4 of Appendix A of the PEFA, ColumbiaGrid’s non-binding recommendation is to be to allocate 100 percent of the costs of such Proposed Capacity Increase Project among the Persons participating in such Project in proportion to the expected amount of added transmission capacity to be received by each such Person from such Project.

9. Expanded Scope Projects

9.1 Assessing Interest in Expanding the Scope of a Proposed Project

Under the PEFA, prior to including any Proposed Project in a Draft Biennial Plan or Draft Plan Update, the Staff is to determine, in an open process, whether there is interest in expanding the scope of such Proposed Project; *provided that* absent agreement of the TOPP(s) whose Transmission System(s) has a projected EOP Need, consideration of the request to expand the scope of a Proposed EOP is not to unreasonably delay Project development beyond the point where there is sufficient lead time for the original Project to be completed to meet such Need or as otherwise required.

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

Under the PEFA, prior to including any Proposed Project (other than an ITP) in a Draft Biennial Plan or Draft Plan Update, the Staff is to determine, in an open process, whether there is interest in expanding the scope of such Proposed Project; *provided that* absent agreement of the TOPP(s) whose Transmission System(s) has a projected EOP Need, consideration of the request to expand the scope of a Proposed EOP is not to unreasonably delay Project development beyond the point where there is sufficient lead time for the original Project to be completed to meet such Need or as otherwise required.

9.2 Formation of Study Team

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

9.3 Completion of a Proposed Expanded Scope Project

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

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

An Expanded Scope Project may be a combination of one or more EOPs, Requested Service Projects, Capacity Increase Projects, and Single System Projects. The provisions of the

PEFA governing ColumbiaGrid cost allocation recommendations for such types of Projects are to be applied to the various portions of any Expanded Scope Project and Projects with Multiple Classifications as applicable.

10. Order 1000 Projects and Cost Allocation

10.1 Qualification as an Order 1000 Project

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

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

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

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

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

Any request submitted after the applicable foregoing deadline is to be not timely and is not to result in consideration of a Proposed Project for selection as an Order 1000 Project for the Plan then under development.

10.1.2 Selection as Order 1000 Project. No later than 30 days after the later of (i) the issuance of the final Study Team report with respect to a Proposed Project, including the plan of service to address the applicable Need(s) and (ii) the receipt by ColumbiaGrid of a timely request pursuant to section 10.1.1 of Appendix A of the PEFA for Order 1000 Cost Allocation for such Proposed Project, the Staff is to make a preliminary determination whether such Project qualifies as an Order 1000 Project pursuant to section 10.1.2.1 of Appendix A of the PEFA. ColumbiaGrid is to document Staff's preliminary determination in writing, post such determination on its Website, distribute such determination to Planning Parties and participants in the Study Team for the Proposed Project for which Order 1000 Cost Allocation has been requested, and communicate to its Interested Persons distribution list that such a determination has been posted on its Website. Planning Parties and Interested Persons are to have 30 days to provide written comments on the Staff's preliminary determination. After considering such written comments and modifying its preliminary determination as the Staff finds appropriate, the Staff is to present its determination to the Board for review and comment.

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

If all Order 1000 Sponsors that requested an Order 1000 Cost Allocation for a Proposed Project timely withdraw such requests in accordance with section 10 of Appendix A of the PEFA, the Proposed Project is not to be identified as an Order 1000 Project in the Biennial Plan. In such an instance, however, if such Project would receive a Non-Order 1000 Cost Allocation under the PEFA had an Order 1000 Sponsor not requested Order 1000 Cost Allocation, ColumbiaGrid is to make a Non-Order 1000 Cost Allocation in accordance with the PEFA.

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

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

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

- (i) the Order 1000 Sponsor's(s') proposed Order 1000 Project:
 - a. meets such Need(s);
 - b. is confirmed by the Study Team or ColumbiaGrid, as appropriate, to be the more cost effective and efficient solution to meet such Need(s);
 - c. has been developed by a Study Team and been included in the related plan of service; and
 - d. Order 1000 Cost Allocation for such Project has been timely requested (and such request has not been withdrawn by all Order 1000 Sponsors of such Project) pursuant to section 10.1.1 of Appendix A of the PEFA;

and

- (ii) the Order 1000 Sponsor(s):
 - a. is found by ColumbiaGrid to meet the Order 1000 Sponsor qualifications set out in section 10.1.2.2 of Appendix A of the PEFA; *provided that* if ColumbiaGrid finds that the Order 1000 Sponsor(s) does not meet such qualifications, ColumbiaGrid is to give to such Order 1000 Sponsor(s) written notice describing the deficiencies, and such Order 1000 Sponsor(s) is to have 30 days after receipt of such notice to cure such deficiencies; and
 - b. has submitted required information on a timely basis, including Project data and Project development schedule, indicating required steps, such as granting of state, federal, and local approvals necessary to develop and construct the Proposed Project so as to timely meet the Need(s); *provided that* data relating to Order 1000 Sponsor qualifications is to be submitted at or before the time such Order 1000 Sponsor(s) requests Order 1000 Cost Allocation.

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

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

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

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

- (i) developing, licensing, and constructing the Proposed Project for which Order 1000 Cost Allocation has been requested pursuant to section 10 of Appendix A of the PEFA in a timely and competent manner; and
- (ii) owning, operating, and maintaining the proposed Order 1000 Project facilities consistent with Good Utility Practice and applicable reliability criteria for the life of such proposed Order 1000 Project.

Such Order 1000 Sponsor is to be a TOPP at the time Order 1000 Cost Allocation is requested in accordance with section 10 of Appendix A of the PEFA for the proposed Order 1000 Project. The following factors are to be considered in determining such Order 1000 Sponsor's eligibility:

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

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

Such Order 1000 Sponsor is to be a TOPP or an ITP Proponent, as the case may be, at the time Order 1000 Cost Allocation is requested in accordance with section 10 of Appendix A of the PEFA for the proposed Order 1000 Project.

10.2 Opportunity for Voluntary Implementation of Plan of Service

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

10.3 Application of Order 1000 Cost Allocation Methodology

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

10.3.1 Order 1000 Project Costs. ColumbiaGrid is to project the costs of such Order 1000 Project. Such projection may be based on information provided by the Order 1000 Sponsor(s), the Study Team, and ColumbiaGrid. In developing such projection, ColumbiaGrid may also seek the input of others, including third-party experts. ColumbiaGrid is to document the basis for its projection and make supporting information available, to the extent practicable, consistent with any applicable CEII and confidentiality requirements.

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

10.3.2.1 Analytical Tools. Analytical tools used are to, as appropriate, include:

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

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

10.3.2.2 Calculation of Order 1000 Benefits. For purposes of calculating Order 1000 Benefits under item (i)a. of section 1.37 of the body of the PEFA,

(i) the avoided costs of deferred transmission facilities are to be the borrowing costs (*i.e.*, interest costs) projected to be avoided during the Planning Horizon as a result of the deferral of the capital investment of such deferred facilities (rather than the capital costs themselves of such facilities) plus the incremental operations and maintenance costs of such deferred facilities projected to be avoided during the Planning Horizon; and

(ii) the avoided costs of eliminated transmission facilities during the Planning Horizon are to be the portion of the projected avoided depreciation expense of such eliminated facilities that falls within the Planning Horizon plus the projected incremental operation and maintenance costs of such eliminated facilities avoided during the Planning Horizon (such projected avoided depreciation expense is to be determined using straight-line depreciation of the projected capital costs of such eliminated facilities over their depreciable lives).

For purposes of calculating Order 1000 Benefits under item (i)b.1. of section 1.37 of the body of the PEFA, the projected cost that the TOPP(s) would, but for the Order 1000 Project, have otherwise incurred is to be:

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

b. the projected incremental operation and maintenance costs of such transmission facilities avoided by such TOPP(s) during the Planning Horizon as a direct result of the Order 1000 Project.

For purposes of section 10.3.3 of Appendix A of the PEFA, the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s) are to be equal to the projected capital costs of the Order 1000 Project.

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

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

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

(i) the avoided costs of deferred transmission facilities are to be the borrowing costs (i.e., interest costs) projected to be avoided during the Planning Horizon as a result of the deferral of the capital investment of such deferred facilities (rather than the capital costs themselves of such facilities) plus the incremental operations and maintenance costs of such deferred facilities projected to be avoided during the Planning Horizon; and

(ii) the avoided costs of eliminated transmission facilities during the Planning Horizon are to be the portion of the projected avoided depreciation expense of such eliminated facilities that falls within the Planning Horizon plus the projected incremental operation and maintenance costs of such eliminated facilities avoided during the Planning Horizon (such projected avoided depreciation expense is to be determined using straight-line depreciation of the projected capital costs of such eliminated facilities over their depreciable lives).

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

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

b. the projected incremental operation and maintenance costs of such transmission facilities avoided by such TOPP(s) during the Planning Horizon as a direct result of the Order 1000 Project.

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

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

10.3.3 Cost Allocation. For purposes of the Order 1000 Cost Allocation for an Order 1000 Project, ColumbiaGrid is to allocate the costs of such Order 1000 Project as follows.

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

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

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

| | | |
|--|---|---|
| Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) | = | The lesser of: (1) Such Order 1000 Beneficiary’s Order 1000 Benefits, or (2) the product of the projected costs of the Order 1000 Project x (such Order 1000 Beneficiary’s Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s))) |
|--|---|---|

10.3.3.2 ColumbiaGrid is to allocate to the Order 1000 Sponsor(s) in aggregate an amount of the projected costs of such Order 1000 Project equal to the amount, if any, by which the projected costs of such Order 1000 Project exceed the sum of the projected costs of such Order 1000 Project allocated pursuant to section 10.3.3.1 of Appendix A of the PEFA to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor.

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

| | | |
|---|---|---|
| The sum of the Order 1000 Cost Allocation(s) to the Order 1000 Beneficiary(ies) that is an Order 1000 Sponsor | = | The amount, if any, by which: (1) the projected costs of such Order 1000 Project exceed (2) the sum of the projected costs of such Order 1000 Project allocated to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor |
|---|---|---|

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

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

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

(i) such beneficiary’s Order 1000 Benefits; or

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

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

| | | |
|---|----------|--|
| <u>Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) for any Order 1000 Project that is not an ITP</u> | \equiv | <u>The lesser of:</u> <u>(1) Such Order 1000 Beneficiary’s Order 1000 Benefits, or</u> <u>(2) the product of the projected costs of the Order 1000 Project x (such Order 1000 Beneficiary’s Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s)))</u> |
|---|----------|--|

| | | |
|---|----------|---|
| <u>Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) for any Order 1000 Project that</u> | \equiv | <u>The lesser of:</u> <u>(1) Such Order 1000 Beneficiary’s Order 1000 Benefits, or</u> <u>(2) the product of the Assigned</u> |
|---|----------|---|

| | | |
|------------------|--|--|
| <u>is an ITP</u> | | <u>Regional Costs from Interregional Cost Allocation of such ITP x (such Order 1000 Beneficiary's Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s)))</u> |
|------------------|--|--|

10.3.3.2 ColumbiaGrid is to allocate to the Order 1000 Sponsor(s) in aggregate an amount of the projected costs of such Order 1000 Project if such Order 1000 Project is not an ITP or, if such Order 1000 Project is an ITP, the Assigned Regional Costs from Interregional Cost Allocation of such ITP, equal to the amount, if any, by which such projected costs or Assigned Regional Costs from Interregional Cost Allocation of such Order 1000 Project exceed the sum of the projected costs of such Order 1000 Project allocated pursuant to section 10.3.3.1 of Appendix A of the PEFA to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor.

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

| | | |
|--|---|---|
| <u>The Order 1000 Cost Allocation(s) to the Order 1000 Sponsor(s) in aggregate for any Order 1000 Project that is not an ITP</u> | ≡ | <u>The amount, if any, by which: (1) the projected costs of such Order 1000 Project exceed (2) the sum of the projected costs of such Order 1000 Project allocated to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor(s)</u> |
|--|---|---|

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

10.4 Preliminary Order 1000 Cost Allocation Report

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

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

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

After the Staff has prepared its Preliminary Order 1000 Cost Allocation Report with respect to an Order 1000 Project, ColumbiaGrid is to allow additional time, if requested by one or more Affected Persons with respect to such Project, for such Affected Persons to reach agreement on Project implementation, including responsibility for the funding of such Project. If after such additional time, if any, such an agreement has not been reached, the Staff is to include such Preliminary Order 1000 Cost Allocation Report in the Draft Plan.

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

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

10.5 Board Approval of Order 1000 Cost Allocation

The Board is to review the Preliminary Order 1000 Cost Allocation Report, including the selection of a Proposed Project as an Order 1000 Project, as part of its adoption of the Biennial

Plan and, as set out in section 11.2 of Appendix A of the PEFA, the Board is to review the Draft Plan in an open, public process. If such Preliminary Order 1000 Cost Allocation Report is acceptable in its entirety, the Board is to approve and finalize such report as part of its adoption of the Biennial Plan, and the approved and finalized Order 1000 Cost Allocation Report is to be included in such Biennial Plan. Any report not approved by the Board may be remanded to the Staff which may, in cooperation with the Study Team, revise the Preliminary Order 1000 Cost Allocation Report and resubmit it to the Board; *provided that* the Board may modify a Preliminary Cost Allocation Report to the extent such modification is supported by the record.

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

The Board is to review the Preliminary Order 1000 Cost Allocation Report, including the selection of a Proposed Project as an Order 1000 Project, as part of its adoption of the Plan and, as set out in section 11.2 of Appendix A of the PEFA, the Board is to review the Draft Plan in an open, public process. If such Preliminary Order 1000 Cost Allocation Report is acceptable in its entirety, the Board is to approve and finalize such report as part of its adoption of the Plan, and the approved and finalized Order 1000 Cost Allocation Report is to be included in such Plan. Any report not approved by the Board may be remanded to the Staff which may, in cooperation with the Study Team, revise the Preliminary Order 1000 Cost Allocation Report and resubmit it to the Board; *provided that* the Board may modify a Preliminary Cost Allocation Report to the extent such modification is supported by the record.

11. Process for Adoption of Plans

11.1 Draft Plan

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

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

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

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

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

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

b. Recommended Requested Service Projects

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

2. “Staff-Recommended Requested [Service] Projects” (*see* PEFA Appendix A, section 11.1.1(i)b.2), including an analysis of how such Projects meet the underlying transmission service or interconnection requests and a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other Staff-recommended elements;

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

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

c. Capacity Increase Projects

1. Recommended Capacity Increase Projects, including an analysis of how any such Project that is proposed to address a Need(s)

addresses such Need and a verification that each Recommended Capacity Increase Project does not result in any unmitigated Material Adverse Impacts on any transmission system;

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

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

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

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

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

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

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

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

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

e. Single System Projects submitted for inclusion in the Draft Plan for informational purposes; and

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

(ii) Order 1000 Projects

a. A list of Order 1000 Projects;

b. A list of Proposed Project(s) for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A of the PEFA but which did not qualify and the deficiencies that precluded its selection as an Order 1000 Project; and

c. Preliminary Order 1000 Cost Allocation Reports for each Order 1000 Project;

(iii) System Assessment Report and Need Statements;

(iv) A list of Study Teams and their participants;

(v) A review of the current status of all pending Order 1000 Projects that received an Order 1000 Cost Allocation in a prior Plan or Plan Update; and

(vi) Other information that the Board may find helpful in making its decision.

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

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise item (i)b.2. of this section 11.1.1 to read as follows:

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

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

(ii) Order 1000 Projects and ITPs

a. A list of Interregional Transmission Projects;

b. A list of Order 1000 Projects;

c. A list of Proposed Project(s) for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A of the PEFA but which did not qualify and the deficiencies that precluded its selection as an Order 1000 Project; and

d. Preliminary Order 1000 Cost Allocation Reports for each Order 1000 Project;

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

11.2 Review Process

The Board is to review the Draft Plan in an open, public process. In doing so, the Board is to make available the “[D]raft Plan” (*see* PEFA Appendix A, section 11.2), study reports and electronic data files, subject to appropriate protection of Confidential Information and CEII to all Planning Parties and Interested Persons and provide the public an opportunity to supply information and provide written or oral comments to the Board. The Board may adopt additional procedures to carry out its review process.

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

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

11.3 Basis for Plan Adoption

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

11.4 Plan Adoption

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

11.4.1 Recommended Projects.

11.4.1.1 EOPs

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

11.4.1.1.2 Staff-Recommended EOPs. The Board is to review and may approve the following with respect to each Staff-Recommended EOP: the Staff determination that it meets its underlying Need Statement(s), its plan of service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff "did not select[]" (*see* PEFA Appendix A, section 11.4.1.1.2) any such alternative. Those elements that are not approved by the Board are to be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the second sentence of this section 11.4.1.1.2 to read as follows:

The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not select any such alternative.

11.4.1.2 Requested Service Projects

11.4.1.2.1 Recommended Requested Service Projects. The Board is to review and may approve the Study Team's determination that each Recommended Requested Service Project (i) serves its underlying transmission service or interconnection request and (ii) does not result in any unmitigated Material Adverse Impacts on any transmission

system; *provided that* no Recommended Requested Service Project is to be included in any Plan unless the requestor and all Affected Persons agree upon such Requested Service Project. If the Board determines that there are unmitigated Material Adverse Impacts, such Project is to be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

11.4.1.2.2 Staff-Recommended Requested Service Projects.

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

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

(i) with respect to Recommended Capacity Increase Projects, the Board is to review and may approve the Study Team's determination that such Capacity Increase Project (a) meets its underlying Need Statement(s) and (b) does not result in any unmitigated Material Adverse Impacts on any transmission system. If the Board determines that there are unmitigated Material Adverse Impacts resulting from such a Project on any transmission system, the Board is to note such Material Adverse Impacts in the Plan and such Project is to be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis or defer resolution of such Material Adverse Impacts to the WECC "regional" planning or path rating process; and

(ii) with respect to Staff-Recommended Capacity Increase Projects, the Board is to review and may approve the following with respect to each Staff-Recommended Capacity Increase Project: the Staff determination that it meets its underlying Need Statement(s), its plan of service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff "did not select[]" (*see* PEFA Appendix A, section 11.4.1.3) any such alternative. Those elements that are not approved by the Board are to be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the next to the last sentence of this section 11.4.1.3 to read as follows:

The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not select any such alternative.

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

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

(ii) with respect to Staff-Recommended Single System Projects, the Board is to review and may approve the following with respect to each Staff-Recommended Single System Project: the Staff determination that it meets its underlying Need Statement(s), its plan of service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff "did not select[]" (*see* PEFA Appendix A, section 11.4.1.4) any such alternative. Those elements that are not approved by the Board are to be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the next to the last sentence of this section 11.4.1.4 to read as follows:

The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not select any such alternative.

11.4.1.5 Expanded Scope Projects. The Board is to review and may approve the Study Team's determination that there are no unmitigated Material Adverse Impacts resulting from each such Expanded Scope Project on any transmission system and, for Expanded Scope Projects that have an underlying EOP or Requested Service Project, the underlying EOP Need or request is still met with an equivalent or better service at no greater cost than it would have paid for the underlying Project. The Board is not to disapprove or modify Project elements associated with the Project expansion (developed by the Project's sponsor(s) or a Study Team). If the Board determines that there are unmitigated Material Adverse Impacts resulting from such a Project on any transmission system or that the underlying EOP Need or request is not met with

an equivalent or better service at no greater cost than it would have paid for the underlying Project, the Board is to remand such Project to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

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

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

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

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

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

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

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

11.4.5.2 Staff Recommendation. Staff, when it finds any of the following:

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

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

11.4.5.3 Board Consideration. In these situations, the Board is to consider the Staff recommendation and is to accept the recommendation or ask the Staff to reconsider its recommendation in light of additional factors that the Board may want included in the recommendation. No Project modification pursuant to section 11.4.5 of Appendix A of the PEFA is to be deemed to amend any Facilities Agreement, and any amendment to any Facilities Agreement is to be subject to and pursuant to the provisions of such Facilities Agreement for its amendment (and subject to the provisions of section 6.2 of the body of the PEFA).

12. ColumbiaGrid Non-Order 1000 Cost Allocation

Under the PEFA, ColumbiaGrid is to provide cost allocation recommendations pursuant to provisions of the PEFA other than section 10.3 of Appendix A of the PEFA (such as sections 5.4, 6.4, 8.4, or 9.4 of Appendix A of the PEFA), which facilitate the development of mutual agreement by parties on cost allocation. As discussed above, broad-based Study Teams are to be used extensively in the ColumbiaGrid processes, including the development of cost allocation

recommendations. Study Teams are intended to be the primary tool for participation by Planning Parties, Affected Persons, and Interested Persons, in the development of Projects defined and included in the Plan of ColumbiaGrid. Non-Order 1000 Cost Allocation recommendations by ColumbiaGrid under the PEFA with respect to certain types of Projects are discussed above and are summarized as set forth below in this section.

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

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

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

12.1 EOPs

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

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

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

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

ColumbiaGrid Board may also modify a recommendation by ColumbiaGrid Staff of cost allocation for the EOP to the extent such modification is supported by the record.

12.2 Requested Service Projects

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

12.3 Capacity Increase Project Cost Allocation

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

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

13. Order 1000 ITPs and Interregional Cost Allocation

Section 13 of Appendix A of the PEFA sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions. Nothing in section 13 of Appendix A of the PEFA will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

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

13.1 This section left intentionally blank

13.2 Annual Interregional Information Exchange

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

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

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

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

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

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

13.3 Annual Interregional Coordination Meeting

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

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

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

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

13.4 ITP Joint Evaluation Process

13.4.1 Submission Requirements

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

13.4.2 Joint Evaluation of an ITP

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

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

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

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect ColumbiaGrid's evaluation of the ITP;
- (b) is to provide stakeholders an opportunity to participate in ColumbiaGrid's activities under section 13.4.2 of Appendix A of the PEFA in accordance with its regional transmission planning process;

- (c) is to notify the other Relevant Planning Regions if ColumbiaGrid determines that the ITP will not meet any of its regional transmission needs; thereafter ColumbiaGrid has no obligation under section 13.4.2 of Appendix A of the PEFA to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of ColumbiaGrid's regional transmission needs.

13.5 Interregional Cost Allocation Process

13.5.1 Submission Requirements

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with section 13.4.1 of Appendix A of the PEFA, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from ColumbiaGrid and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

13.5.2 Interregional Cost Allocation Process

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

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

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

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect ColumbiaGrid's analysis;

- (b) is to provide stakeholders an opportunity to participate in ColumbiaGrid's activities under section 13.5.2 of Appendix A of the PEFA in accordance with its regional transmission planning process;
- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in ColumbiaGrid, ColumbiaGrid shall use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; ColumbiaGrid may use such information to identify its total share of the projected costs of the ITP to be assigned to ColumbiaGrid in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in ColumbiaGrid;
- (f) is to determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to section 13.5.2 of Appendix A of the PEFA in the same general time frame as its joint evaluation activities pursuant to section 13.4.2 of Appendix A of the PEFA.

13.6 Application of Regional Cost Allocation Methodology to Selected ITP

13.6.1 Selection by All Relevant Planning Regions

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

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

If ColumbiaGrid (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, ColumbiaGrid shall evaluate (or reevaluate, as the case may be) pursuant to sections 13.5.2(d), 13.5.2(e), and 13.5.2(f) of Appendix A of the PEFA whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many

times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

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

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

14.1 ITP Agreement

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

14.2 Submission for Joint Evaluation

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

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

ColumbiaGrid is to seek to confirm with each other Relevant Planning Region that such TOPP or ITP Proponent has submitted such ITP for evaluation into the regional transmission planning process of each other Relevant Planning Region in accordance with the regional transmission planning process of such Relevant Planning Region(s). In the event that ColumbiaGrid is unable to confirm that the TOPP or ITP Proponent has submitted its ITP for evaluation into the regional transmission planning process of each other Relevant Planning Region in accordance with the regional transmission planning process of such Relevant Planning Region(s), ColumbiaGrid is to notify the TOPP or ITP Proponent in writing, and the TOPP or ITP Proponent is to have 30 days from the date of such notice to provide ColumbiaGrid evidence, reasonably acceptable to ColumbiaGrid, that the TOPP or ITP Proponent has timely submitted its ITP for evaluation to each other Relevant Planning Region(s) as required by section 14.2 of Appendix A of the PEFA. If a TOPP or ITP Proponent fails to provide such evidence,

the TOPP's or ITP Proponent's ITP is to be deemed withdrawn and is not to be eligible for evaluation pursuant to section 13.4.2 of Appendix A of the PEFA.

Prior to commencing the joint evaluation of an ITP pursuant to section 13.4.2 of Appendix A of the PEFA, ColumbiaGrid is to require an ITP Proponent that is seeking such evaluation of an ITP to submit to ColumbiaGrid information in accordance with section 10.1.2.1(ii)b. of Appendix A of the PEFA, which, to the extent permitted by law, is to include a copy of all ITP data being submitted by the TOPP or an ITP Proponent to any of the other Relevant Planning Regions for such ITP. A TOPP seeking evaluation of an ITP pursuant to section 13.4.2 of Appendix A of the PEFA is to submit to ColumbiaGrid the information required by the last paragraph of section 14.2 of Appendix A of the PEFA.

14.3 Joint Evaluation Implementation

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

- (i) development of such ITP is to be through a Study Team; and
- (ii) evaluation of such ITP in the ColumbiaGrid regional transmission planning process for purposes of section 13.4.2 of Appendix A of the PEFA is to be through the development and evaluation of such ITP as a Proposed Project through the ColumbiaGrid regional planning process under the PEFA.

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

14.4 Interregional Cost Allocation Process

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

- (i) pursuant to item (c) of section 13.5.2 of Appendix A of the PEFA, determine the amount, if any, of Regional Benefits for Purposes of Interregional Cost Allocation resulting from such ITP;
- (ii) pursuant to section 13.5.2(ii) of Appendix A of the PEFA, notify each of the other Relevant Planning Regions with respect to such ITP of the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP so determined;
- (iii) pursuant to item (d) of section 13.5.2 of Appendix A of the PEFA, calculate ColumbiaGrid's assigned *pro rata* share of the projected costs of such ITP (such share also referred to as Assigned Regional Costs from Interregional Cost

Allocation), which share is to be equal to the product of the projected costs of such ITP multiplied by a fraction, the numerator of which is to be the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP determined pursuant to item (i) above and the denominator of which is to be the sum of (A) the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP determined pursuant to item (i) above and (B) the sum of the regional benefits of each other Relevant Planning Region as calculated with respect to such ITP by such other Relevant Planning Region in accordance with its regional transmission planning process and provided to ColumbiaGrid by such other Relevant Planning Region;

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

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

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

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

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

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

For each ITP that meets the requirements of sections 13.5.1 and 14.2 of Appendix A of the PEFA and for which Interregional Cost Allocation for such ITP has been timely requested by a TOPP or ITP Proponent pursuant to section 10.1 of Appendix A of the PEFA, ColumbiaGrid (if and so long as it is a Relevant Planning Region) is to determine, as required by section 13.5.2(f) of Appendix A of the PEFA, whether to select the ITP as an Order 1000 Project in accordance with section 10.1 of Appendix A of the PEFA, based on its regional transmission planning process and taking into account the Total Regional Costs from Interregional Cost Allocation.

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

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

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

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

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

13. Dispute Resolution

See Part X of this Attachment K below.

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

15. Dispute Resolution

14. Western Interconnection “Regional” and Western Interconnection “Sub-Regional” Economic Studies

See Part VII of this Attachment K below.

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

16. Western Interconnection “Regional” and Western Interconnection “Sub-Regional” Economic Studies

15. Western Interconnection “Sub-Regional” Planning Group Coordination

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

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

17. Western Interconnection “Sub-Regional” Planning Group Coordination

PART IV. WECC

1. Planning Coordination

WECC is to coordinate aspects of Western Interconnection planning as follows:

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

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

2. Economic Studies

Western Interconnection wide economic studies are to be conducted by a committee formed by WECC, TEPPC, in an open stakeholder process that holds region-wide stakeholder meetings on a regular basis. The TEPPC planning process is posted on the WECC website. Transmission Provider participates in the TEPPC planning processes, as appropriate, to help coordinate data and assumptions. TEPPC is to perform two primary functions in relation to Economic Studies in the Transmission Provider transmission planning process:

- (i) Development and maintenance of the west-wide economic planning study database.
 - a. TEPPC uses publicly available data to compile a database that can be used by a number of economic congestion study tools.
 - b. TEPPC’s database is publicly available for use in running economic congestion studies. For an interested transmission customer or stakeholder

to utilize WECC's Pro-Mod planning model, it must comply with WECC confidentiality requirements.

- (ii) Performance of economic studies. TEPPC has an annual study cycle in which it is to update databases, develop and approve a study plan that includes a number of high priority economic study requests as determined by the open TEPPC stakeholder process and perform studies and document the results in a report.

3. Additional Information

Additional information is provided on the ColumbiaGrid website (<http://www.columbiagrid.org/>). WECC planning coordination processes are further described in ColumbiaGrid's Policy Statement Regarding Planning—Coordinated, Open and Transparent Planning Processes for Single and Multiple Transmission Systems, which is available at <http://www.columbiagrid.org/AttachK-documents.cfm> (last accessed October 10, 2012). WECC TEPPC's Transmission Planning Protocol is available on the ColumbiaGrid website at <http://www.columbiagrid.org/client/TEPPC-Planning-Protocol.pdf> (last accessed October 10, 2012). *See also* www.wecc.biz and, specifically, http://www.wecc.biz/committees/BOD/TEPPC/External/TEPPC_PlanningProtocol.pdf (last accessed October 10, 2012).

PART V. PSE PLAN

1. Development and Update of PSE Plan

Transmission Provider will pursuant to this Attachment K develop and update annually a ten year plan for Transmission Provider's Transmission System ("PSE Plan"). The PSE Plan will identify new transmission facilities and facility replacements or upgrades planned by Transmission Provider for its Transmission System over the ensuing ten years.

2. PSE Plan Availability

The main body of the PSE Plan will be made publicly available and posted on Transmission Provider's OASIS website. However, CEII may be included in an appendix to the PSE Plan, and disclosure of any such CEII by Transmission Provider shall be subject to the provisions of Part IX of this Attachment K below.

3. Reliability Studies

Transmission Provider will perform or cause to be performed reliability studies with respect to Transmission Provider's Transmission System to assess whether applicable NERC, WECC, and local reliability standards (e.g., NERC Reliability Standards TPL-001 through TPL-004) are met for the ten year planning horizon.

4. Planning Study Methodology

The PSE Plan will be based on seasonal reliability studies that include load flow, short circuit, and stability analyses. The primary data source for the analyses will be WECC base case data. Base case software analysis will be performed using software commonly accepted in the industry. As of September 2007, such software included, for example, PowerWorld and PSS/E.

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

PSE will evaluate and select from among alternative proposed solutions using factors that include the following, as appropriate:

- (i) degree of development of proposed solution;
- (ii) feasibility;
- (iii) coordination with any affected Transmission System;
- (iv) economics;

- (v) effectiveness of performance;
- (vi) satisfaction of identified local transmission need(s), including those driven by Public Policy Requirements;
- (vii) satisfaction of Need(s), including the extent to which the proposed solution satisfies multiple Needs;
- (viii) consistency with applicable state, regional, and federal planning standards, requirements, and regulations;
- (ix) consistency with NERC reliability standards; and
- (x) consistency with such additional criteria as are then accepted or developed by PSE.

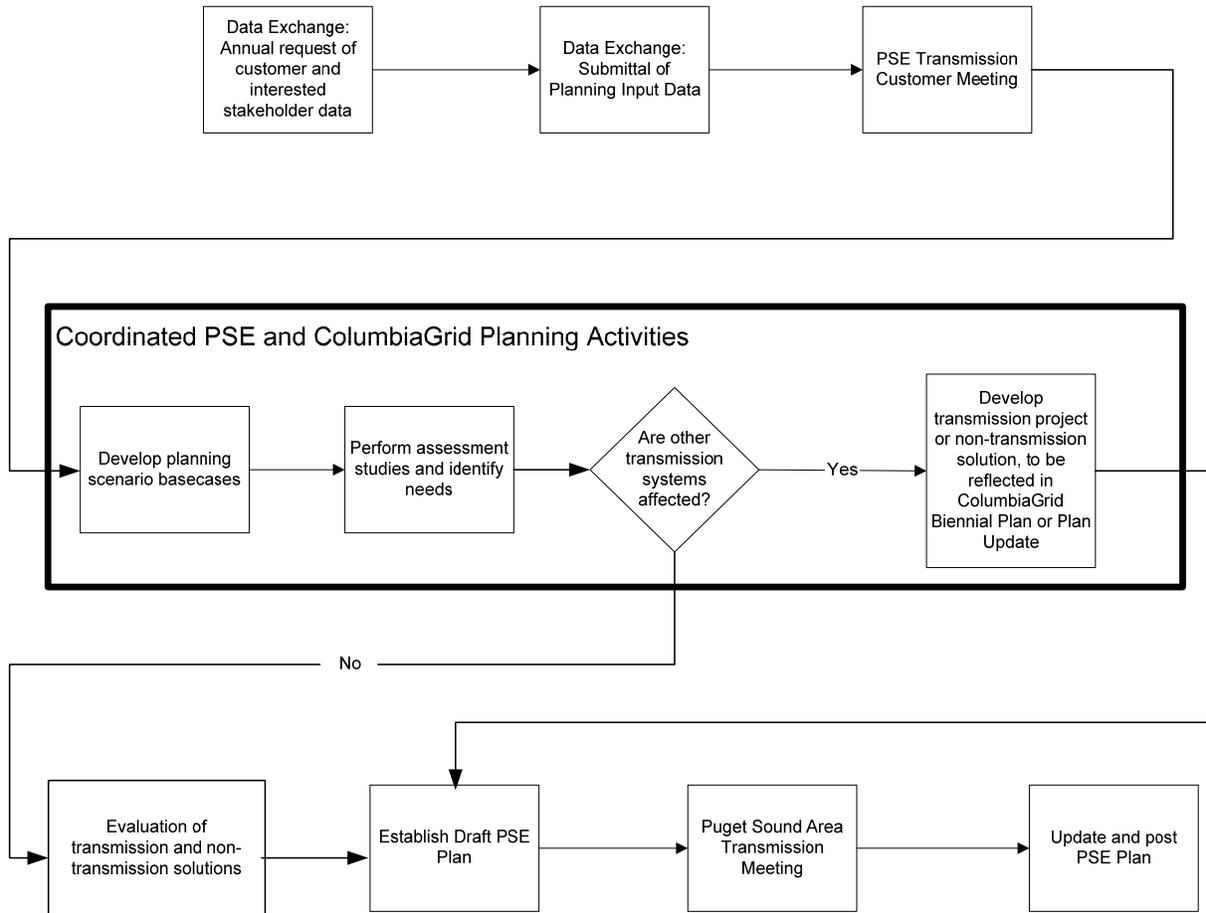
No single factor is to necessarily be determinative in evaluating proposed solutions.

Additional information regarding Transmission Provider's planning study methodology and guidelines will be posted from time to time on Transmission Provider's OASIS.

5. PSE Plan Development Flow Chart

A generalized flow chart diagramming the major steps in the development of the PSE Plan and its relationship to the ColumbiaGrid planning process is set forth below (except see item 6 below with respect to development of the initial PSE Plan). Inasmuch as the ColumbiaGrid planning process is described in detail above, such process is not presented in detail in the flow chart. Although the flow chart activities are depicted sequentially, a number of the activities by PSE and ColumbiaGrid will be performed concurrently and incorporate feedback from the various ongoing processes.

PSE Plan Development Flow Chart



6. Initial PSE Plan

The initial PSE Plan will be developed and posted in the last quarter of 2008. Accordingly, the initial PSE Plan may precede ColumbiaGrid's completion of its first Biennial Plan.

7. Attachment K Planning Costs

The Transmission Provider will not provide reimbursement of any costs incurred by other entities or persons participating in the planning processes under this Attachment K. Except as may be otherwise provided in this Attachment K, the Transmission Provider's costs of the Attachment K process, including Transmission Provider's share of the ColumbiaGrid planning costs, will be subject to recovery in Transmission Provider's rates. The PEFA provides a formula for allocating ColumbiaGrid planning process costs among Planning Parties.

PART VI.
TRANSMISSION PROVIDER OPEN PUBLIC MEETINGS

1. Purpose and Scope

As described above, Transmission Provider will participate in regional planning through its participation in ColumbiaGrid study teams and planning activities. As also described above, ColumbiaGrid is to hold public meetings and provide opportunities for involvement in its study teams during its plan development.

In addition, Transmission Provider will hold at least two open public Attachment K transmission planning meetings a year that are intended to provide for participation in Transmission Provider's planning process by Transmission Provider's existing and prospective customers and stakeholders. Participants may propose for consideration local transmission needs driven by Public Policy Requirements and transmission, generation, and demand response resource projects. Such meetings are intended to (i) allow Transmission Provider to better understand its customers' forecasts; (ii) offer existing and prospective customers and interested stakeholders an opportunity to be informed about, and offer input and advice into, the Transmission Provider transmission planning process, as well as to propose alternatives for any upgrades identified by Transmission Provider; (iii) review study results; and (iv) review transmission planning. Such meetings will include at least the following two meetings each calendar year:

PSE Transmission Customer Meeting -- At least one such meeting each calendar year will be a "PSE Transmission Customer Meeting" that is open to all interested stakeholders, including existing and prospective Transmission Provider transmission (or interconnection) customers. Participants in the PSE Transmission Customer Meeting may propose for consideration local transmission needs driven by Public Policy Requirements and transmission, generation, and demand response resource projects. This PSE Transmission Customer Meeting is anticipated to be held in conjunction with any PSE Network Operating Committee meeting. The PSE Transmission Customer Meeting is intended to provide a forum for discussion of (i) Data provided or to be provided pursuant to Part IX of this Attachment K, (ii) assumptions and methodologies for Transmission Provider planning studies, (iii) status of Transmission Provider's transmission projects and plans, and (iv) other Transmission Provider transmission planning topics of interest to the attendees

Puget Sound Area Transmission Meeting -- At least one such meeting each calendar year will be a "Puget Sound Area Transmission Meeting" that is open to all interested stakeholders, including transmission providers in the Puget Sound area, their existing and prospective transmission (or interconnection) customers. Participants in the Puget Sound Area Transmission Meeting may propose for consideration local transmission needs driven by Public Policy Requirements and transmission, generation, and demand response resource projects. This Puget Sound Area Transmission Meeting is anticipated to be held individually or, more likely, in conjunction with other Puget Sound area transmission providers or in

conjunction with ColumbiaGrid. The Puget Sound Area Transmission Meeting is intended to provide a forum for (i) coordination of study assumptions and methodologies and draft transmission plans for transmission systems in the Puget Sound area, (ii) discussion and input regarding requested Economic Studies, and (iii) discussion of other Puget Sound area transmission planning topics of interest to the attendees, such as the transmission planning effects of proposals for transmission, generation, and demand response resource projects. A draft PSE Plan will be posted on Transmission Provider's OASIS prior to the Puget Sound Area Transmission Meeting.

2. PSE Public Planning Meeting Process

Meeting notices, including date, time, place, proposed meeting agenda and meeting contact for further information will be posted on Transmission Provider's OASIS and ColumbiaGrid website at least 15 days prior to the meeting. Transmission Provider will establish its meeting schedule as needed, but such schedule shall include at least one PSE Transmission Customer Meeting and at least one Puget Sound Area Transmission Meeting each year. As discussed above, Transmission Provider anticipates that much of its local transmission planning activity will be conducted and coordinated through its participation in ColumbiaGrid.

Any interested Transmission Provider customer or interested stakeholder wanting to be included on Transmission Provider's email distribution list to receive notice of the PSE Transmission Customer Meeting and Puget Sound Area Transmission Meeting is to submit (and update as necessary) its information to the Transmission Provider Point of Contact at transmaster@pse.com identified on Transmission Provider's OASIS in order to be included in the distribution list for meeting notices.

Transmission Provider customers and interested stakeholders are encouraged to provide input, comments, advice and questions into the process electronically by sending email to transmaster@pse.com.

All public transmission planning meetings will be open, subject to CEII and confidentiality restrictions, to all existing and prospective Transmission Provider customers and interested stakeholders. Only public information will be shared, and public business conducted, in open public meeting portions of the PSE Transmission Customer Meeting and the Puget Sound Area Transmission Meeting.

PART VII. ECONOMIC STUDIES

1. General

As described below, Transmission Provider (or ColumbiaGrid or WECC) will perform Economic Studies that are requested and that are selected for study under the procedures described below. Results of Economic Studies may be considered in the development of any PSE Plan.

2. Requests for Economic Studies

Transmission customers or interested stakeholders may submit requests for Economic Studies to Transmission Provider. (In addition, Transmission Provider may submit such requests.) All requests submitted to Transmission Provider should be forwarded to transmaster@pse.com. Transmission Provider will post each request for an Economic Study (and Transmission Provider's response to such request, developed as described below) on Transmission Provider's OASIS, and each such posting will be maintained for a period of not less than five (5) years. All Economic Studies so requested by October 31, 2008 will be considered for performance in 2009. All Economic Studies so requested after October 31, 2008, but during subsequent periods November 1 through October 31 will be considered for performance in the following calendar year.

Within three (3) months of each October 31, commencing October 31, 2008, Transmission Provider will hold or cause to be held a public meeting to review each request that has been submitted pursuant to the preceding paragraph by such October 31 for an Economic Study and to provide and receive from interested stakeholders input on such requests. Such input may include consideration of (i) the breadth of interest in, and support for, the requested Economic Studies; (ii) the feasibility of the requested Economic Studies; and (iii) the relationship between the requested Economic Studies and potential (a) congestion relief or (b) integration on an aggregated or Western Interconnection wide (or Western Interconnection "sub-regional") basis of new resources or new loads. (It is currently anticipated that such meeting would be held in conjunction with a ColumbiaGrid meeting or a Puget Sound Transmission Meeting.) Transmission Provider will endeavor to coordinate the timing of its Economic Study request reviews with any TEPPC and ColumbiaGrid Economic Study processes.

After consideration of such review and input, Transmission Provider will determine

- (i) whether, and to what extent, the requested Economic Study should be clustered or batched with similar requests;
- (ii) whether the requested Economic Study should be considered a high priority; and
- (iii) whether the requested Economic Study would constitute a Local Economic Study. Any requested Economic Study that is determined to not be a Local Economic Study will be forwarded to ColumbiaGrid or

TEPPC for their consideration of such request for inclusion in their respective lists of requests for economic studies.

3. Performance of Economic Studies

Up to three (3) requested Economic Studies (including Local Economic Studies), provided they are determined by the Transmission Provider to be of high priority, will be performed annually without direct assessment of the costs thereof to the requestors. Economic Studies involving production cost modeling (e.g., using PROMOD) would only be performed by a Western Interconnection “sub-regional” or Western Interconnection wide entity (such as WECC). The costs (or Transmission Provider’s allocated share of the costs) of such high priority Economic Studies (including any such studies that are requested, high priority Economic Studies performed by Transmission Provider) that, pursuant to the foregoing are performed without direct assessment of costs to the requestors, will be recovered through Transmission Provider’s transmission rates (including, for example, recovery in rates of Transmission Provider payments to ColumbiaGrid or WECC).

Any additional requested, high priority Economic Studies and any requested Economic Studies not determined to be high priority will only be performed at the expense of the requestor; such performance may be accomplished by Transmission Provider assisting the requestor and requestor’s third party contractor.

Transmission Provider will endeavor to perform Local Economic Studies that it performs pursuant to this Attachment K in a manner that is open and coordinated with interested stakeholders and will include appropriate sensitivity analysis. In performing any Local Economic Study, Transmission Provider may reflect the estimated cost of non-transmission mitigation options provided by the requestor of the Local Economic Study; provided, that if Transmission Provider determines that such data provided by the requestor should not be relied upon for purposes of the Local Economic Study, such Local Economic Study need be performed only to the extent reasonable in light of such determination of unreliability.

A summary of the results of each Economic Study performed by Transmission Provider will be posted on its OASIS.

4. Coordination of Economic Planning Studies

4.1 As described in the Economic Planning Studies section of ColumbiaGrid’s Policy Statement Regarding Planning—Coordinated, Open and Transparent Planning Processes for Single and Multiple Transmission Systems, available at <http://www.columbiagrid.org/AttachK-documents.cfm>, if a Planning Party forwards to ColumbiaGrid a request for an economic planning study that requires production cost modeling, ColumbiaGrid may forward the request to WECC. ColumbiaGrid will consider these requests during the last scheduled planning meeting of the year (typically held in November or December). The notification for this meeting will be posted on the ColumbiaGrid Website and widely distributed via e-mails. The agenda for this meeting will clearly state if an economic planning study request will be under consideration. The participants at the meeting may provide or receive input on any requested studies. Such input may include, without limitation, consideration of (i) the breadth of interest in, and support

for, the requested economic planning study; (ii) the feasibility of the requested economic planning study; (iii) the relationship between the requested economic planning study and potential (a) congestion relief or (b) integration on an aggregated or Western Interconnection wide (or Western Interconnection “sub-regional”) basis of new resources or new loads. If the consensus of the participants at that meeting determines that any such request (or any request developed during any such meeting) has sufficient merit to be forwarded to WECC, ColumbiaGrid will submit the study request to WECC during the economic planning study request window, which is between November 1st and January 31st of each year. The TEPPC process and criteria for prioritization of economic planning studies are set forth in section 5 of the TEPPC Planning Protocol located on the ColumbiaGrid Website under the Planning and Expansion program under the Attachment K link at <http://www.columbiagrid.org>.¹ ColumbiaGrid is a member of TEPPC and is to participate in TEPPC processes.

4.2 ColumbiaGrid will treat requests received from a Planning Party for economic planning studies, not referred to WECC, as Capacity Increase Projects. Such requests will be processed pursuant to the provisions that govern Capacity Increase Projects of this Attachment K and the PEFA. The PEFA describes the process that ColumbiaGrid would use to form a Study Team. If a Study Team is formed to perform the economic planning study associated with the Capacity Increase Project, the Planning Party that submitted the economic planning study request will be deemed the Capacity Increase Project sponsoring party and is to assume primary responsibility for leading and performing necessary analytical work.

5. Effect of Economic Studies

The performance or results of any Economic Study shall not obligate Transmission Provider to perform any upgrade or modification of its Transmission System or dictate whether investment in any such upgrade or modification is required to be performed.

¹ More specifically, see <http://www.columbiagrid.org/client/TEPPC-Planning-Protocol.pdf> (last accessed last accessed October 10, 2012). See also www.wecc.biz and, specifically, http://www.wecc.biz/committees/BOD/TEPPC/External/TEPPC_PlaningProtocol.pdf (last accessed October 10, 2012).

PART VIII. ENHANCED RELIABILITY UPGRADES

This Part VIII provides the procedures by which transmission customers may request and obtain the installation of Enhanced Reliability Upgrades, including the cost allocation methodology for Enhanced Reliability Upgrades. This Part VIII of this Attachment K shall not in any event extend to any service or facilities that Transmission Provider is otherwise obligated to provide, including without limitation service to Native Load Customers.

Any one or more Eligible Customers (including transmission customers under the Tariff) may request pursuant to Part VII of this Attachment K an Economic Study with respect to a potential Enhanced Reliability Upgrade. If Transmission Provider determines that such requested Economic Study is a Local Economic Study and such Local Economic Study is performed, one or more transmission customers under the Tariff (including Eligible Customers that have become Transmission Provider's transmission customers for Network Integration Transmission Service or Point-to-Point Transmission Service) may upon conclusion of such Local Economic study request the installation of such Enhanced Reliability Upgrade by written request to Transmission Provider. Upon receipt of such request, Transmission Provider shall tender to the requesting transmission customer(s) ("Requesting Transmission Customer(s)") a form of Service Agreement. Such form of Service Agreement shall include provisions for the installation of such Enhanced Reliability Upgrade by Transmission Provider and the payment by Requesting Transmission Customer(s) of the costs of such Enhanced Reliability Upgrade. Each such Service Agreement, if and when fully executed, will be submitted to the Commission for filing.

The costs of such Enhanced Reliability Upgrade shall be directly assigned to Requesting Transmission Customer(s) without the provision of transmission credits or other means of reimbursement from the Transmission Provider for such costs so directly assigned (for purposes of this Part VIII, "direct assignment costs"). Pursuant to the Service Agreement, the Requesting Transmission Customer(s) shall pay the estimated costs of the Enhanced Reliability Upgrade as costs are incurred and will be subject to a true-up to the actual costs of the Enhanced Reliability Upgrade.

If there is more than one Requesting Transmission Customer, then the direct assignment costs for such Enhanced Reliability Upgrade(s) shall be allocated to Requesting Transmission Customer(s) in equal shares, unless Requesting Transmission Customer(s) agree in writing to a different cost allocation methodology prior to Transmission Provider's tender of the above-described form of Service Agreement.

The installation of any Enhanced Reliability Upgrade pursuant to this Part VIII shall constitute service under this Attachment K. The Requesting Transmission Customer(s) shall be subject to credit review and providing security or collateral for payment of direct assignment costs of such Enhanced Reliability Upgrade consistent with Attachment L of the Tariff.

Transmission Provider shall not be obligated to commence design, construction, or other installation of any Enhanced Reliability Upgrade(s) unless and until

- (i) binding Service Agreement(s) with all Requesting Transmission Customer(s) for installation of such Enhanced Reliability Upgrade(s) and payment by the Requesting Transmission Customer(s) of direct assignment costs are fully executed by the Transmission Provider and all of the Requesting Transmission Customer(s), and
- (ii) all of the Requesting Transmission Customer(s) provide the Transmission Provider security or collateral for payment of direct assignment costs of such Enhanced Reliability Upgrade consistent with Attachment L of the Tariff, for the full costs of the design and construction.

Furthermore, the Transmission Provider shall not be obligated to commence design, construction, or other installation of any Enhanced Reliability Upgrade, or to continue such design, construction, or other installation, if all necessary regulatory permits and approvals are not obtained or maintained. Transmission Provider shall make a good faith effort to obtain and maintain all such permits and approvals. The costs associated with obtaining and maintaining such regulatory permits and approvals shall be included in the total direct assignment costs of the Enhanced Reliability Upgrade and shall be borne by the Requesting Transmission Customer(s).

No Requesting Transmission Customer shall receive any ownership interest in Transmission Provider's Transmission System by reason of or as a result of any Enhanced Reliability Upgrade. No Enhanced Reliability Upgrade shall result in (i) an increase in the firm or non-firm transmission service rights of any Requesting Transmission Customer, or (ii) a change in the Curtailment priority or rights or obligations of any Requesting Transmission Customer, or (iii) any Requesting Transmission Customer having any ownership interest in Transmission Provider's Transmission System. Nothing in this Part VIII shall preclude any Eligible Customer from requesting or receiving Point-to-Point Transmission Service pursuant to Part II of this Attachment K or Network Integration Transmission Service pursuant to Part III of this Attachment K.

PART IX.
SUBMISSION OF, ACCESS TO, AND USE OF DATA

1. NERC Data to be Provided to Transmission Provider

1.1 Each NERC Entity shall use reasonable efforts to provide to Transmission Provider all Planning Input Data required by any NERC Standard to be provided to Transmission Provider (or any other entity) by such NERC Entity. In addition, any Planning Input Data provided by any NERC Entity to WECC (or any other entity) pursuant to any NERC Standard and rightfully obtained by Transmission Provider shall be deemed provided by such NERC Entity to Transmission Provider pursuant to this section 1; provided, that nothing in this Attachment K shall excuse Transmission Provider from, or obligate Transmission Provider to act contrary to, any restrictions on use or disclosure of such Planning Input Data imposed by WECC on Transmission Provider as a condition of Transmission Provider's obtaining such Planning Input Data. All data to be provided or deemed to be provided pursuant to this section 1 shall constitute NERC Data.

1.2 As reasonably requested by Transmission Provider, each Additional Entity shall use reasonable efforts to provide to Transmission Provider Planning Input Data that such Additional Entity would be required to provide by any NERC Standard if such Additional Entity met the criteria then used to determine if an entity falling within a Functional Type is required by such NERC Standard to provide Planning Input Data. In addition, any Planning Input Data provided by any Additional Entity pursuant to any NERC Standard to any other entity and rightfully obtained by Transmission Provider shall be deemed to be provided by such Additional Entity to Transmission Provider pursuant to this section 1. All data to be provided or deemed to be provided pursuant to this section 1 shall constitute NERC Data.

1.3 No access by Transmission Provider to or receipt by Transmission Provider of NERC Data from WECC shall excuse any NERC Entity or Additional Entity from any obligation to provide to Transmission Provider any NERC Data pursuant to this section 1.

2. Additional Planning Input Data to be Provided to Transmission Provider

2.1 Each Network Customer shall use reasonable efforts to provide to Transmission Provider the following Planning Input Data:

- (i) forecast information for load and resource requirements over the planning horizon;
- (ii) identification of demand response reductions; and
- (iii) any other data reasonably requested by Transmission Provider from such Network Customer in connection with planning activities pursuant to this Attachment K

("Network Service Data"). Any Network Service Data to be provided by a Network Customer pursuant to this Part IX.2.1 is in addition to and does not substitute for any NERC Data such

Network Customer is otherwise required pursuant to this Attachment K to provide to the Transmission Provider.

2.2 Any Point-to-Point Customer and any entity that receives Grandfathered Transmission Service from the Transmission Provider shall use reasonable efforts to provide to Transmission Provider the following Planning Input Data:

- (i) projections of need for Point-to-Point Transmission Service or other transmission service over the planning horizon, including transmission capacity, duration, and receipt and delivery points;
- (ii) planned additions or upgrades (including status and expected in-service date), planned retirements and environmental or other operating restrictions with respect to each of such customer's or entity's generating resource interconnected with the Transmission Provider's Transmission System; and
- (iii) any other data reasonably requested by Transmission Provider from such Point-to-Point Transmission Customer or customer in connection with planning activities pursuant to this Attachment K

(“Transmission Service Data”). Any Transmission Service Data to be provided by a Point-to-Point Customer or customer pursuant to this Part IX.2.2 is in addition to and does not substitute for any NERC Data such Point-to-Point Customer or customer is otherwise required pursuant to this Attachment K to provide to the Transmission Provider.

2.3 Any Person may provide to Transmission Provider the following Planning Input Data with respect to any demand response resource:

- (i) existing and planned demand resources and their impacts on demand and peak demand; and
- (ii) any other data reasonably requested from such Person by Transmission Provider in connection with planning activities pursuant to this Attachment K

(“Demand Response Resource Data”). Any Demand Response Resource Data to be provided by any Person is in addition to and does not substitute for any NERC Data such Person is otherwise required to provide to the Transmission Provider.

3. Use of Planning Input Data

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

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

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

4. Planning Input Data Confidentiality

All Planning Input Data shall be provided (or deemed provided) without any confidentiality restrictions; provided, that nothing in this Part IX shall excuse Transmission Provider from any restrictions on use or disclosure of Planning Input Data imposed on Transmission Provider by WECC as a condition of Transmission Provider's obtaining such Planning Input Data.

Nothing in this Part IX shall excuse any entity from any obligation imposed on it pursuant to Commission Order No. 890 to restrict disclosure of CEII.

5. Schedule and Mechanism for Providing Planning Input Data to Transmission Provider

5.1 Schedule for Providing Planning Input Data to Transmission Provider

5.1.1 Each existing or prospective Network Customer shall use reasonable efforts to submit its Network Service Data to Transmission Provider on or before October 31 of each calendar year.

5.1.2 Each existing or prospective Point-to-Point Customer or any entity that receives Grandfathered Transmission Service shall use reasonable efforts to submit its Transmission Service Data to Transmission Provider on or before October 31 of each calendar year.

5.1.3 Each NERC Entity shall use reasonable efforts to submit its NERC Data to Transmission Provider on or before October 31 of each calendar year.

5.1.4 Each Additional Entity shall use reasonable efforts to submit its NERC Data, as requested by Transmission Provider, to Transmission Provider on or before October 31 of each calendar year.

5.1.5 Each transmission customer or interested stakeholder that wishes to submit Demand Resource Service Data to Transmission Provider shall do so on or before October 31 of each calendar year.

5.1.6 Each Transmission Customer or interested stakeholder shall timely submit written notice of material changes in any of its information previously provided related to its load, its resources, or other aspects of its facilities or operations affecting Transmission Provider's ability to provide service. In addition, each Transmission Customer or interested stakeholder shall timely submit additional data reasonably requested from time to time by Transmission Provider in connection with planning activities pursuant to this Attachment K.

5.2. Mechanism for Providing Planning Input Data to Transmission Provider

Each Transmission Customer or interested stakeholder shall submit its Data specified in Part IX, section 5.1 of this Attachment K above by forwarding such data electronically to transmaster@pse.com.

6. Access to Study Reports and Replication Data from Transmission Provider

Transmission Provider will post a list of the names of planning studies it has performed pursuant to this Attachment K that underlie the PSE Plan and maintain such names on such list for a period of not less than five (5) years. Transmission Provider will make available the final report for any such study to any Transmission Customer or interested stakeholder upon receipt therefrom by Transmission Provider of written request for such final report during a period of not less than five (5) years following completion of such final report. Also, Transmission Provider will make available the Replication Data for any planning study performed by Transmission Provider pursuant to this Attachment K that underlie the PSE Plan to any Transmission Customer or interested stakeholder upon receipt therefrom by Transmission Provider of written request for such Replication Data during a period of not less than five (5) years following completion of such final report.

Access and use by any Person (such as a Transmission Customer or interested stakeholder) to any planning study performed by Transmission Provider pursuant to this Attachment K or to any Replication Data shall be subject to CEII restrictions and any confidentiality or other restrictions on access or use reasonably imposed by Transmission Provider. Further, such access by such entities to such data that Transmission Provider has received from any other entity may be subject to any restrictions on access to such data imposed by such entity. For example, any access to data such as Replication Data that constitutes WECC base case data by any entity such as a Transmission Customer or interested stakeholder is subject to any restrictions on access to data imposed by WECC.

However, access to any report of any study (and basic criteria, assumptions and data necessary to replicate the results of such study) performed by or through ColumbiaGrid or any Study Team shall be as provided by ColumbiaGrid.

7. Use of Replication Data Received From Transmission Provider

Any Transmission Customer or interested stakeholder that receives any Replication Data from Transmission Provider shall use such Replication Data only for the purpose of evaluating the results of Transmission Provider's planning studies performed pursuant to this Attachment K that underlie the PSE Plan.

8. Critical Energy Infrastructure Information

Pursuant to Commission Order No. 890, a Transmission Provider may restrict disclosure of CEII required to be disclosed by Order No. 890.

Except as otherwise set forth in section 4 of Transmission Provider's Tariff or in Transmission Provider's Open Access Same-Time Information System, a requester may request CEII required to be disclosed by Order No. 890 from Transmission Provider using the procedures set forth below. As used in these procedures, CEII has the meaning given to such term by the Commission in 18 C.F.R. 388.113, as such term may be amended from time to time.

- (i) A requester shall file a signed, written request, in accordance with the CEII procedures posted on Transmission Provider's OASIS, with Transmission Provider at the following address:

Puget Sound Energy, Inc.
355 110th Avenue NE, EST-06E
P.O. Box 97034 EST-06E
Bellevue WA 98009-9734
Attn: Manager, Transmission Contracts--CEII Request
- (ii) Requests for CEII will be considered to be received upon actual receipt by Transmission Provider.
- (iii) Transmission Provider will make a determination of whether it considers the requested information to be CEII and whether to comply with the request or deny the request in whole or in part.
- (iv) Transmission Provider will endeavor to notify the requester within twenty (20) working days after Transmission Provider's receipt of the request for CEII of its determination.
- (v) If Transmission Provider determines that the requester is eligible to and should receive the requested CEII, Transmission Provider will determine what conditions, if any, to place on release of the CEII and may forward a form of CEII Non-Disclosure Agreement (NDA) to the requester for execution. Such conditions may include, for example, (i) Transmission Provider's marking documents or files as "CEII" if Transmission Provider determines that such documents or file may contain CEII and (ii) Transmission Provider's receipt of any required NDA executed by requester with respect to such CEII.

- (vi) Nothing in this Part IX shall excuse Transmission Provider from providing access to requester to CEII pursuant to a specific order by the Commission to provide such access to such CEII to requester following denial pursuant to these procedures by Transmission Provider of access by such requester to such CEII.

9. WECC Proprietary Data

Transmission Provider's transmission planning studies may include base case data (or other data) that are WECC proprietary data. An entity or person must hold membership in or execute a non-disclosure agreement with WECC (<http://www.wecc.biz>) and follow the procedures set forth below in Part IX, section 10 of this Attachment K to obtain WECC proprietary data, such as base case data, from Transmission Provider.

10. PSE Proprietary Information

A requester may request PSE Proprietary Information required to be disclosed by Order No. 890 from Transmission Provider using the procedures set forth below.

- (i) A requester shall file a signed, written request, in accordance with the PSE Proprietary Information procedures posted on Transmission Provider's OASIS, with Transmission Provider at the following address:

Puget Sound Energy, Inc.
355 110th Avenue NE, EST-06E
P.O. Box 97034 EST-06E
Bellevue WA 98009-9734
Attn: Manager, Transmission Contracts--PSE Proprietary
Information

- (ii) Requests for PSE Proprietary Information will be considered to be received upon actual receipt by Transmission Provider.
- (iii) Transmission Provider will promptly make a determination of whether it considers the requested information to be PSE Proprietary Information (and whether Transmission Provider considers the requested information to be WECC proprietary data) and whether to comply with the request or deny the request in whole or in part.
- (iv) Transmission Provider will notify the requester promptly after Transmission Provider's receipt of the request for PSE Proprietary Information of its determination.
- (v) If Transmission Provider determines that the requester is eligible to and should receive the requested PSE Proprietary Information, Transmission Provider will determine what conditions, if any, to place on release of the PSE Proprietary Information and may forward a form of PSE Proprietary Information Non-Disclosure Agreement (NDA) to the requester for

execution. Such conditions may include, for example, (i) Transmission Provider's marking documents or files as "PSE Proprietary Information" if Transmission Provider determines that such documents or file may contain PSE Proprietary Information, (ii) Transmission Provider's receipt of any required NDA executed by requester with respect to such PSE Proprietary Information, and (iii) with respect to WECC proprietary data, receipt of verification that the requester is a member of WECC or has executed a non-disclosure agreement with WECC to obtain WECC proprietary data.

- (vi) Nothing in this Part IX shall excuse Transmission Provider from providing access to requester to PSE Proprietary Information pursuant to a specific order by the Commission to provide such access to such PSE Proprietary Information to requester following denial pursuant to these procedures by Transmission Provider of access by such requester to such PSE Proprietary Information.

PART X. DISPUTE RESOLUTION

Disputes among PEFA Parties within the scope of the arbitration provisions of section 16.1 of the PEFA shall be addressed through the provisions of that section. However, nothing in this Attachment K restricts the rights of any person to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

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

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

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

APPENDIX A DEFINITIONS

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

A.1 “Additional Entity” means at any time each entity that is not a NERC Entity but that has facilities (i) that are then located in Transmission Provider’s Balancing Authority Area or are interconnected with Transmission Provider’s Transmission System and (ii) that then fall within a Functional Type.

A.2 “Affected Persons” with respect to a Project or Proposed Project means those Planning Parties and Persons that would bear Material Adverse Impacts from such Project or Proposed Project or are otherwise materially affected thereby.

A.3 “Biennial Plan” means each biennial transmission plan adopted by the Board pursuant to section 2 of the body of the PEFA. A “Draft Biennial Plan” refers to a draft of a Biennial Plan presented by Staff to the Board for adoption pursuant to section 2 of the body of the PEFA but not yet adopted by the Board.

A.4 “Board of Directors” or “Board” means the Board of Directors of ColumbiaGrid.

A.5 “Bylaws” means the then current bylaws of ColumbiaGrid.

A.6 “Capacity Increase Project” means a voluntary modification of the Regional Interconnected Systems:

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

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

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

A “Proposed Capacity Increase Project” means a proposal for a Capacity Increase Project at such time as it is being discussed in the transmission planning process, whether that be for purposes of identifying unmitigated Material Adverse Impacts of such Project or for purposes of developing the Project under section 8 Appendix A of the PEFA; a “Recommended Capacity Increase Project” means a recommendation, developed by the agreement of Affected Persons pursuant to section 8 of Appendix A of the PEFA, for a Capacity Increase Project that is included as such in a Draft Biennial Plan or Draft Plan Update; a “Staff-Recommended Capacity Increase Project” means a recommendation, made by Staff pursuant to section 8 of Appendix A of the PEFA following the inability of Affected Persons to reach agreement in a timely manner on a

Recommended Capacity Increase Project that is included as such in a Draft Biennial Plan or Draft Plan Update.

A.7 “Commission” means the Federal Energy Regulatory Commission or any successor entity.

A.8 “Confidential Information” shall mean: all information, regardless of the manner in which it is furnished, marked as “Confidential Information” at the time of its furnishing; *provided that* Confidential Information shall not include information: (i) in the public domain or generally available or known to the public; (ii) disclosed to a recipient by a Third Person who had a legal right to do so; (iii) independently developed by the receiving Party or known to such Party prior to its disclosure under the PEFA; (iv) normally disclosed by entities in the Western Interconnection without limitation; (v) disclosed in aggregate form; or (vi) required to be disclosed without a protective order or confidentiality agreement by subpoena, law, or other directive of a court, administrative agency, or arbitration panel.

A.9 “Critical Energy Infrastructure Information” or “CEII” means information as defined in 18 C.F.R. § 388.113(c), as may be amended from time to time, about existing and proposed systems or assets, whether physical or virtual, relating to the production, generation, transportation, transmission, or distribution of energy that could be useful to a person in planning an attack on such systems or assets, the incapacity or destruction of which would negatively affect security, economic security, public health, or safety.

A.10 “Demand Response Resource Data” has the meaning set forth in Part IX, section 2.3 of this Attachment K.

A.11 “Designated Person” with respect to a form of Facilities Agreement means each of the Persons designated as such pursuant to section 6.1 of the body of the PEFA by ColumbiaGrid in such form.

A.12 “Economic Study” means a study of Transmission Provider’s Transmission System, separately or in conjunction with study of other transmission systems, to evaluate (i) congestion, (ii) the integration on an aggregated or Western Interconnection (or Western Interconnection “sub-regional”) wide basis of new resources or new loads , or (iii) Local Economic Study.

A.13 “Enhanced Reliability Upgrade” means, for purposes of this Attachment K, an upgrade to the Washington area facilities of Transmission Provider’s Transmission System that

- (i) is intended to provide a transmission customer for Network Integration Transmission Service or Point-to-Point Transmission Service on Transmission Provider’s Transmission System with (A) enhanced reliability with respect to the transmission customer’s Network Integration Transmission Service or Point-to-Point Transmission Service over and above the reliability necessary to satisfy the planning criteria applicable to Transmission Provider, or (B) reduced Curtailments with respect to the transmission customer’s Network Integration Transmission Service or

Point-to-Point Transmission Service as compared with the Curtailments that would otherwise occur with respect to such transmission service,

- (ii) does not result in a reduction of transmission capacity on another transmission system (or other adverse impact on such other transmission system that is generally considered in transmission planning in the Western Interconnection) that is material and that is unacceptable to the owner or operator of such other transmission system, and
- (iii) is installed pursuant to Part VIII of this Attachment K.

“Enhanced Reliability Upgrade” shall in no event include any upgrade to Transmission Provider’s Transmission System that (a) is installed or required for the provision of bundled service to its Native Load Customers, or (b) is installed or required pursuant to any provision of the Tariff other than Part VIII of this Attachment K.

A.14 “EOP Need” means any projected inability of a Transmission Owner or Operator Planning Party (anticipated to occur during the Planning Horizon) to serve, consistent with the Planning Criteria:

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

A.15 “Existing Obligation Project” or “EOP” means any modification to be made to the Regional Interconnected Systems

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

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

A.16 “Expanded Scope Project” means any Project if and to the extent that it is expanded pursuant to section 9 of Appendix A of the PEFA. A “Proposed Expanded Scope Project” means a proposal for an Expanded Scope Project at such time as it is being proposed in the transmission planning process.

A.17 “Facilities Agreement” means, for purposes of Part III of this Attachment K, a future agreement tendered by ColumbiaGrid to Designated Persons that may be separately entered into for purposes of effectuating an Existing Obligation Project pursuant to section 6 of the body of the PEFA.

A.18 “Functional Type” at any time means each Functional Type as then adopted by NERC. As of December 7, 2007, for example, the functional types adopted by NERC were set forth in its Statement of Compliance Registry Criteria (Revision 3.1).

A.19 “Grandfathered Transmission Service” means any transmission service (or interconnection) provided by Transmission Provider that is subject to the jurisdiction of the Commission but not provided pursuant to the OATT.

A.20 “Interested Person” means, for purposes of Parts II and III of this Attachment K, any Person (including, but not limited to, any Relevant State or Provincial Agency, Tribe, Non-Incumbent Transmission Developer or Merchant Transmission Developer) who has expressed an interest in the business of ColumbiaGrid and has requested notice of its public meetings. Such Interested Persons is to be identified on the Interested Persons List compiled by ColumbiaGrid in accordance with Section 4.2 of the ColumbiaGrid Bylaws.

A.21 “Local Economic Study” means an Economic Study that (i) evaluates congestion (and possible remedies) only on Transmission Provider’s Washington Area transmission facilities of its Transmission System, or (ii) evaluates a potential Enhanced Reliability Upgrade. A Local Economic Study will not encompass or entail a production cost model study.

A.22 “Material Adverse Impacts” with respect to a Project or Proposed Project means, for purposes of Part III of this Attachment K, a reduction of transmission capacity on a transmission system (or other adverse impact on such transmission system that is generally considered in transmission planning in the Western Interconnection) due to such Project that is material, that would result from a Project, and that is unacceptable to the Person that owns or operates such transmission system. For purposes of Part III of this Attachment K, Material Adverse Impacts of a Project or Proposed Project are considered mitigated if there would not be any Material Adverse Impacts due to such Project.

A.23 “Merchant Transmission Developer” means any Person that owns or operates, or proposes to own or operate, transmission facilities in the Order 1000 ColumbiaGrid Planning Region and intends to recover its costs through negotiated rates and is therefore to be not eligible to request Order 1000 Cost Allocation for such facilities.

A.24 “Near-Term Existing Obligation Project” or “Near-Term EOP” means, at any time, an Existing Obligation Project that must be commenced prior to the end of the then next

Planning Cycle in order to have sufficient lead time for implementation to meet the EOP Need giving rise to such Existing Obligation Project.

A.25 “Need” means, for purposes of Parts III and V of this Attachment K, any of the following Needs as identified in a System Assessment Report pursuant to section 3 of Appendix A of the PEFA: EOP Need, Need for a Requested Service Project, Need for a Capacity Increase Project, and Need for a Single System Project, including any such Needs that are driven by Public Policy Requirements. “Potential Need,” for purposes of Parts III and V of this Attachment K, is an item that is proposed or considered for inclusion in the system assessment for possible identification in the System Assessment Report as a Need.

A.26 “Need Statement” means, with respect to a Need, a statement developed by Staff pursuant to section 3 of Appendix A of the PEFA and included for informational purposes in a Plan. A “Draft Need Statement” means a proposal for a Need Statement presented by Staff to the Board for review and comment.

A.27 “NERC” means North America Electric Reliability Corporation or its successor.

A.28 “NERC Data” means all Planning Input Data provided or to be provided (or deemed provided or to be deemed provided) to Transmission Provider pursuant to Part IX.1 of this Attachment K.

A.29 “NERC Entity” means at any time each entity with facilities (i) that are then located in Transmission Provider’s Balancing Authority Area or are directly interconnected with Transmission Provider’s Transmission System, (ii) that then fall within a Functional Type, and (iii) to which any NERC Standard then applies.

A.30 “NERC Standard” means at any time any NERC Reliability Standard then in effect as adopted by NERC and approved by the Commission.

A.31 “Network Service Data” has the meaning set forth in Part IX, section 2.1 of this Attachment K.

A.32 “Non-Incumbent Transmission Developer” means any Person that proposes to own or operate transmission facilities in the Order 1000 ColumbiaGrid Planning Region, which Person does not own or operate existing transmission facilities in the Order 1000 ColumbiaGrid Planning Region.

A.33 “Non-Transmission Alternative” means an alternative that does not involve the construction of transmission facilities and that ColumbiaGrid has determined would result in the elimination or deferral of a Need by modifying the loads or resources reflected in the system assessments. Examples of such alternatives that may constitute Non-Transmission Alternatives may include demand-side load reduction programs, peak-shaving projects, and distributed generation. The following examples are specifically excluded from Non-Transmission Alternatives: remedial action schemes, shunt capacitors, and reconductoring.

A.34 “Open Access Transmission Tariff” or “OATT,” for purposes of Part III of this Attachment K, means, for each Transmission Owner or Operator Planning Party, such

Transmission Owner or Operator Planning Party's open access transmission tariff and, if such Transmission Owner or Operator Planning Party does not have such a tariff, the Commission's pro forma open access transmission tariff.

A.35 "Order 1000" means the Commission's Order No. 1000 (*Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051 (2011), *order on rehearing and clarification*, 139 FERC ¶ 61,132 (2012)) as it may be amended, supplemented, or superseded from time to time.

A.36 "Order 1000 Beneficiary" means a Transmission Owner or Operator Planning Party that is identified in an Order 1000 Cost Allocation Report as a Transmission Owner or Operator Planning Party that would receive Order 1000 Benefits as a direct result of an Order 1000 Project.

A.37 "Order 1000 Benefits" means, as more fully described in section 10.3.2 of Appendix A of the PEFA:

- (i) with respect to an Order 1000 Project and a Transmission Owner or Operator Planning Party that is not an Order 1000 Sponsor of such Project, the Order 1000 Benefits of such Transmission Owner or Operator Planning Party are to be equal to the sum of:
 - a. the projected costs that such Transmission Owner or Operator Planning Party is projected to avoid over the Planning Horizon due to elimination or deferral, as a direct result of such Order 1000 Project, of planned additions of transmission facilities in the Order 1000 ColumbiaGrid Planning Region, plus;
 - b. if and to the extent not reflected in item (i)a. above of this section, the value that such Transmission Owner or Operator Planning Party is projected to realize on its Transmission System over the Planning Horizon, as a direct result of such Order 1000 Project, where such value is equal to the lesser of:
 1. the projected costs (excluding any projected costs included in item (i)a. above of this section) that such Transmission Owner or Operator Planning Party would, but for such Order 1000 Project, have otherwise incurred over the Planning Horizon to achieve an increase in capacity on its Transmission System equivalent to that resulting from such Order 1000 Project; or
 2. the projected changes in revenues based on cost-based transmission rates over the Planning Horizon to such Transmission Owner or Operator Planning Party directly resulting from such Order 1000 Project or such Project's elimination or deferral of planned transmission facilities, which projected changes in revenues are to be based on projected changes of usage of such Transmission Owner or Operator Planning Party's Transmission System that are projected, using a robust economic analysis (including, as appropriate, production cost, power flow,

and stability analyses and evaluation of transmission queues) and are repeatable over a wide range of reasonable assumptions, to result over the Planning Horizon from the projected changes in capacity on such Transmission Owner or Operator Planning Party's Transmission System resulting from such Order 1000 Project or such Project's elimination or deferral of planned transmission facilities; and

(ii) with respect to an Order 1000 Project and any Order 1000 Sponsor(s) of such Project, the aggregate Order 1000 Benefits of such Order 1000 Sponsor(s) are to be equal to the projected capital costs of such Project.

A.38 "Order 1000 ColumbiaGrid Planning Region" means the Transmission Systems that Transmission Owner or Operator Planning Parties own or operate or propose to own or operate in the Regional Interconnected Systems. The transmission facilities, existing or proposed, of any Person that is enrolled in a neighboring transmission planning region (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region are not to be part of the Order 1000 ColumbiaGrid Planning Region, and such facilities are not to be part of or comprise an intraregional project (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region for purposes of Order 1000 Cost Allocation.

A.39 "Order 1000 Cost Allocation" means an allocation, using the Order 1000 Cost Allocation Methodology, pursuant to section 10.3.3 of Appendix A of the PEFA, of costs of an Order 1000 Project among one or more Transmission Owner or Operator Planning Parties. A cost allocation with respect to an interregional project (as such term is used in Order 1000) is specifically excluded from the meaning of Order 1000 Cost Allocation. "Non-Order 1000 Cost Allocation" means a cost allocation pursuant to provisions of the PEFA other than section 10.3 of Appendix A of the PEFA (such as sections 5.4, 6.4, 8.4, or 9.4 of Appendix A of the PEFA). Any Non-Order 1000 Cost Allocation is not to constitute a cost allocation for purposes of Order 1000. The term "any cost allocation" includes any Order 1000 Cost Allocation or any Non-Order 1000 Cost Allocation.

A.40 "Order 1000 Cost Allocation Methodology" means the cost allocation methodology set out in section 10.3 of Appendix A of the PEFA that is to be applied by ColumbiaGrid in making an Order 1000 Cost Allocation.

A.41 "Order 1000 Cost Allocation Report" means the report prepared by Staff and approved and finalized by the Board in accordance with section 10 of Appendix A of the PEFA that includes: (i) with respect to each Order 1000 Project selected for inclusion in a Biennial Plan, the results of and documentation relating to ColumbiaGrid's application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including (a) the identified Order 1000 Benefits and an explanation of such Order 1000 Benefits, and (b) the identified Order 1000 Beneficiaries of such Order 1000 Project, and, (ii) with respect to any Proposed Project for which Order 1000 Cost Allocation was requested in accordance with section 10 of Appendix A of the PEFA but that was not selected as an Order 1000 Project, an explanation of why such Proposed Project was not selected as an Order 1000 Project.

A.42 “Order 1000 Preliminary Cost Allocation Report” means, with respect to an Order 1000 Project, the Staff’s results of and documentation in accordance with section 10 of Appendix A of the PEFA relating to the Staff’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including the comments of the relevant Study Team’s participants.

A.43 “Order 1000 Project” means any Project in the Order 1000 ColumbiaGrid Planning Region, for which Order 1000 Cost Allocation has been requested and that has been selected as an Order 1000 Project, all in accordance with section 10 of Appendix A of the PEFA; *provided that*, if and to the extent any transmission facilities of such Project are not located in the Order 1000 ColumbiaGrid Planning Region, such Project for purposes of section 10 of Appendix A of the PEFA and any other provisions of the PEFA relating to selection of a Project as an Order 1000 Project or relating to Order 1000 Cost Allocation shall be deemed to not include such transmission facilities not located in the Order 1000 ColumbiaGrid Planning Region. For the avoidance of doubt, Order 1000 Project specifically excludes (i) any facilities if and to the extent they are not located in the Order 1000 ColumbiaGrid Planning Region or are not owned or operated or proposed to be owned or operated by a Transmission Owner or Operator Planning Party, and (ii) any Project, notwithstanding the fact that the Project otherwise satisfies the requirements to be an Order 1000 Project, for which the Transmission Owner or Operator Planning Party(ies) that requested Order 1000 Cost Allocation has subsequently withdrawn such request in accordance with section 10 of Appendix A of the PEFA.

A.44 “Order 1000 Sponsor” means, with respect to any Project for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A of the PEFA, any Transmission Owner or Operator Planning Party that proposes to own or operate transmission facilities of such Project. Order 1000 Sponsor specifically excludes a Merchant Transmission Developer with respect to a Project in the Order 1000 ColumbiaGrid Planning Region.

A.45 “Pacific Northwest” means the (i) sub region within the Western Interconnection comprised of Alberta, British Columbia, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming and (ii) any portions of the area defined in 16 U.S.C. § 839a(14) that are not otherwise included in (i).

A.46 “Party” means, for purposes of Parts II and III of this Attachment K, a signatory to the PEFA.

A.47 “Person” means, for purposes of Part III of this Attachment K, an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, joint operating entity, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, government entity or political subdivision thereof (including a federal power marketing administration), or organization recognized as a legal entity by law in the United States or Canada.

A.48 “Plan” means, for purposes of Part III of this Attachment K, at any time the then current Biennial Plan, as then revised by any Plan Updates. A “Draft Plan” refers to a Draft Biennial Plan or a Draft Plan Update.

A.49 “Plan Update” means an update to the then current Plan adopted by the Board pursuant to section 2.4 of the body of the PEFA. A “Draft Plan Update” means a plan update presented by Staff to the Board for adoption but not yet adopted by the Board.

A.50 “Planning and Expansion Functional Agreement” or “PEFA” means at any time the ColumbiaGrid Planning and Expansion Functional Agreement then on file with the Commission.

A.51 “Planning Criteria” means the then current planning standards that ColumbiaGrid shall apply, as provided in section 2.1 of Appendix A of the PEFA, in any system assessment, System Assessment Report, or Need Statement.

A.52 “Planning Cycle” means a period of approximately 24 months during which a Draft Biennial Plan is to be prepared and presented to the Board for adoption and during which a Biennial Plan is to be subsequently adopted by the Board.

A.53 “Planning Horizon,” for purposes of Part III of this Attachment K, means, with respect to any Biennial Plan (or Plan Update), the period for which the system assessment for such Biennial Plan (or Plan Update) is made, which period shall be the longer of (i) ten years or (ii) the planning period required by the Commission in its pro forma OATT, as it may be amended from time to time.

A.54 “Planning Input Data” means NERC Data, Demand Response Resource Data, Generating Facility Data, Network Service Data and Transmission Service Data provided or deemed provided (or to be provided or to be deemed provided) to Transmission Provider pursuant to this Attachment K.

A.55 “Planning Party” means, for purposes of Part III of this Attachment K, each Party other than ColumbiaGrid. ColumbiaGrid is to maintain a list of the Planning Parties on its Website.

A.56 “Point-to-Point Customer” means an entity receiving service pursuant to the terms of the Transmission Provider’s Point-to-Point Transmission Service under Part II of the Tariff.

A.57 “Project” means, for purposes of Parts III of this Attachment K, any of the following included in a Plan, under development in the transmission planning processes under the PEFA, or under consideration for inclusion in a Plan, as the context requires: (i) Capacity Increase Project, (ii) Existing Obligation Project, (iii) Requested Service Project, or (iv) Single System Project. A Project may be classified as one or more of the foregoing types of Projects. A Project that is classified as more than one of the foregoing types is sometimes referred to in the PEFA as a “Project with Multiple Classifications”. An “Expanded Scope Project” is a Project the scope of which is expanded in accordance with section 9 of Appendix A of the PEFA and may be a combination of one or more Existing Obligation Projects, Requested Service Projects, Capacity Increase Projects, and Single System Projects. A “Proposed Project” means a proposal for a Project at such time as it is being discussed in the transmission planning process.

A.58 “PSE Proprietary Information” means, for purposes of this Attachment K, any

- (i) non-public or confidential trade secrets, commercial or financial information or other information of Transmission Provider, whether of a technical, business or other nature, or
- (ii) information that has been made available to Transmission Provider by any third party or entity that Transmission Provider is obligated to keep non-public or confidential,

that is used by Transmission Provider in its transmission planning processes pursuant to this Attachment K.

A.59 “Public Policy Requirements” means enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level.

A.60 “Regional Interconnected Systems” or “RIS” means the interconnected transmission systems in the Pacific Northwest.

A.61 “Relevant State or Provincial Agency” means any State or Provincial agency with authority over energy regulation, transmission, or planning that has expressed an interest in the ColumbiaGrid transmission planning process and has requested to be included on the Interested Persons list. For example, these may include the Washington Utilities and Transportation Commission, Idaho Public Utilities Commission, Oregon Public Utility Commission, Washington Department of Commerce (specifically the Energy Office within that department), Washington Energy Facility Site Evaluation Council, and the appointees to the Northwest Power and Conservation Council. If requested by a governor in the Pacific Northwest, Relevant State and Provincial Agency may also include a representative from such governor’s office. For the purposes of this definition the term also includes any successor to these agencies.

A.62 “Replication Data” means basic criteria, assumptions and data necessary to replicate the results of Transmission Provider’s planning studies performed pursuant to this Attachment K that underlie the PSE Plan.

A.63 “Requested Service Assessment” means, with respect to a request to a Transmission Owner or Operator Planning Party for study related to a transmission service or interconnection, an assessment of the effect of such request on such Transmission Owner or Operator Planning Party’s Transmission System and on other transmission systems.

A.64 “Requested Service Project” means any modification of the Regional Interconnected Systems

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

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

(iii) that involves more than one Transmission System.

A “Proposed Requested Service Project” means a proposal for a Requested Service Project at such time as it is being proposed in the transmission planning process under the PEFA; a “Recommended Requested Service Project” means a recommendation for a Requested Service Project that is developed by the agreement of Affected Persons and that is included in a Plan; a “Staff-Recommended Requested Service Project” means a recommendation by the Staff for a Requested Service Project following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Requested Service Project.

A.65 “Single System Project” means any modification of a single Transmission System of a Transmission Owner or Operator Planning Party that

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

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

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

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

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

A.66 “Staff” means, for purposes of Part III of this Attachment K, the ColumbiaGrid staff, officers, or consultants hired or retained by ColumbiaGrid to perform the Staff’s responsibilities under the PEFA. The activities of Staff under the PEFA are to be performed under the supervision and guidance of the ColumbiaGrid Board.

A.67 “Study Team” with respect to a Proposed Project being defined means a team that is comprised of ColumbiaGrid and the following that choose to participate in such team: (i) any Planning Parties, (ii) any Affected Persons identified with respect to such Project, and (iii) any

Interested Persons; *provided that* participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law.

A.68 “System Assessment Report” means each system assessment report developed by Staff pursuant to section 3 of Appendix A of the PEFA.

A.69 “Third Person” means, for purposes of Part III of this Attachment K, any Person other than a Party.

A.70 “Transmission Owner or Operator Planning Party” or “TOPP” means a Party that is, or proposes to be, an owner or operator of transmission facilities in the Pacific Northwest. For purposes of the PEFA, an “owner” includes, but is not limited to, a Party that has a leasehold interest in or other beneficial use of the subject facilities, where, for financing purposes, legal title is held by another entity.

A.71 “Transmission Service Data” has the meaning set forth in Part IX, section 2.2 of this Attachment K.

A.72 “Transmission System” means, for purposes of Parts III and V of this Attachment K, with respect to a Transmission Owner or Operator Planning Party, the transmission facilities in the Pacific Northwest owned or operated or proposed to be owned or operated by such Transmission Owner or Operator Planning Party.

A.73 “Website” means, for purposes of Part III of this Attachment K, the website maintained by ColumbiaGrid at <http://www.columbiagrid.org>.

A.74 “Western Electricity Coordinating Council” or “WECC” means the Western Electricity Coordinating Council or any successor entity.

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

APPENDIX A DEFINITIONS

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

A.1 “Additional Entity” means at any time each entity that is not a NERC Entity but that has facilities (i) that are then located in Transmission Provider’s Balancing Authority Area or are interconnected with Transmission Provider’s Transmission System and (ii) that then fall within a Functional Type.

A.2 “Affected Persons” with respect to a Project or Proposed Project means those Planning Parties and Persons that would bear Material Adverse Impacts from such Project or Proposed Project or are otherwise materially affected thereby.

A.3 “Annual Interregional Coordination Meeting” shall have the meaning set forth in section 13.3 of Appendix A of the PEFA and restated in Part III, section 13.3, of this Attachment K.

A.4 “Annual Interregional Information” shall have the meaning set forth in section 13.2 of Appendix A of the PEFA and restated in Part III, section 13.2, of this Attachment K.

A.5 “Assigned Regional Costs from Interregional Cost Allocation” shall have the meaning given such term in section 1.46 of the body of the PEFA.

A.6 “Biennial Plan” means each biennial transmission plan adopted by the Board pursuant to section 2 of the body of the PEFA. A “Draft Biennial Plan” refers to a draft of a Biennial Plan presented by Staff to the Board for adoption pursuant to section 2 of the body of the PEFA but not yet adopted by the Board.

A.7 “Board of Directors” or “Board” means the Board of Directors of ColumbiaGrid.

A.8 “Bylaws” means the then current bylaws of ColumbiaGrid.

A.9 “Capacity Increase Project” means a voluntary modification of the Regional Interconnected Systems:

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

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

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

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

A.10 “Commission” means the Federal Energy Regulatory Commission or any successor entity.

A.11 “Confidential Information” shall mean: all information, regardless of the manner in which it is furnished, marked as “Confidential Information” at the time of its furnishing; *provided that* Confidential Information shall not include information: (i) in the public domain or generally available or known to the public; (ii) disclosed to a recipient by a Third Person who had a legal right to do so; (iii) independently developed by the receiving Party or known to such Party prior to its disclosure under the PEFA; (iv) normally disclosed by entities in the Western Interconnection without limitation; (v) disclosed in aggregate form; or (vi) required to be disclosed without a protective order or confidentiality agreement by subpoena, law, or other directive of a court, administrative agency, or arbitration panel.

A.12 “Critical Energy Infrastructure Information” or “CEII” means information as defined in 18 C.F.R. § 388.113(c), as may be amended from time to time, about existing and proposed systems or assets, whether physical or virtual, relating to the production, generation, transportation, transmission, or distribution of energy that could be useful to a person in planning an attack on such systems or assets, the incapacity or destruction of which would negatively affect security, economic security, public health, or safety.

A.13 “Demand Response Resource Data” has the meaning set forth in Part IX, section 2.3 of this Attachment K.

A.14 “Designated Person” with respect to a form of Facilities Agreement means each of the Persons designated as such pursuant to section 6.1 of the body of the PEFA by ColumbiaGrid in such form.

A.15 “Economic Study” means a study of Transmission Provider’s Transmission System, separately or in conjunction with study of other transmission systems, to evaluate (i) congestion, (ii) the integration on an aggregated or Western Interconnection (or Western Interconnection “sub-regional”) wide basis of new resources or new loads, or (iii) Local Economic Study.

A.16 “Enhanced Reliability Upgrade” means, for purposes of this Attachment K, an upgrade to the Washington area facilities of Transmission Provider’s Transmission System that

(i) is intended to provide a transmission customer for Network Integration Transmission Service or Point-to-Point Transmission Service on Transmission Provider’s Transmission System with (A) enhanced reliability with respect to the transmission customer’s Network Integration Transmission Service or Point-to-Point Transmission Service over and above the reliability necessary to satisfy the planning criteria applicable to Transmission Provider, or (B) reduced Curtailments with respect to the transmission customer’s Network Integration Transmission Service or Point-to-Point Transmission Service as compared with the Curtailments that would otherwise occur with respect to such transmission service,

(ii) does not result in a reduction of transmission capacity on another transmission system (or other adverse impact on such other transmission system that is generally considered in transmission planning in the Western Interconnection) that is material and that is unacceptable to the owner or operator of such other transmission system, and

(iii) is installed pursuant to Part VIII of this Attachment K.

“Enhanced Reliability Upgrade” shall in no event include any upgrade to Transmission Provider’s Transmission System that (a) is installed or required for the provision of bundled service to its Native Load Customers, or (b) is installed or required pursuant to any provision of the Tariff other than Part VIII of this Attachment K.

A.17 “EOP Need” means any projected inability of a Transmission Owner or Operator Planning Party (anticipated to occur during the Planning Horizon) to serve, consistent with the Planning Criteria:

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

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

A.18 “Existing Obligation Project” or “EOP” means any modification to be made to the Regional Interconnected Systems

(i) to the extent that it is for the purpose of meeting an EOP Need on a Transmission Owner or Operator Planning Party’s Transmission System;

(ii) to the extent that it is not a Capacity Increase Project, Requested Service Project, or Single System Project;

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

(iv) that is approved by the Board and included as an Existing Obligation Project in a Plan.

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

A.19 “Expanded Scope Project” means any Project (other than an ITP) if and to the extent that it is expanded pursuant to section 9 of Appendix A of the PEFA. A “Proposed Expanded Scope Project” means a proposal for an Expanded Scope Project that is voluntarily undertaken by one or more Transmission Owner or Operator Planning Party(ies) at such time as it is being proposed in the transmission planning process.

A.20 “Facilities Agreement” means, for purposes of Part III of this Attachment K, a future agreement tendered by ColumbiaGrid to Designated Persons that may be separately entered into for purposes of effectuating an Existing Obligation Project pursuant to section 6 of the body of the PEFA.

A.21 “Fourth Amendment and Restatement” means the Planning and Expansion Functional Agreement (“PEFA”) as amended by the Fourth Amendment and Restatement if and after such time as such amendments become effective in accordance with section 17.1 of the Fourth Amendment and Restatement of the PEFA.

A.22 “Functional Type” at any time means each Functional Type as then adopted by NERC. As of December 7, 2007, for example, the functional types adopted by NERC were set forth in its Statement of Compliance Registry Criteria (Revision 3.1).

A.23 “Grandfathered Transmission Service” means any transmission service (or interconnection) provided by Transmission Provider that is subject to the jurisdiction of the Commission but not provided pursuant to the OATT.

A.24 “Interested Person” means, for purposes of Parts II and III of this Attachment K, any Person (including, but not limited to, any Relevant State or Provincial Agency, Tribe, Non-Incumbent Transmission Developer or Merchant Transmission Developer) who has expressed an interest in the business of ColumbiaGrid and has requested notice of its public meetings. Such

Interested Persons is to be identified on the Interested Persons List compiled by ColumbiaGrid in accordance with Section 4.2 of the ColumbiaGrid Bylaws. For purposes of section 13 of Appendix A of the PEFA, Interested Persons are referred to as stakeholders.

A.25 “Interregional Cost Allocation” means the assignment of ITP costs between or among Planning Regions as described in section 13.5.2 of Appendix A of the PEFA.

A.26 “Interregional Transmission Project” or “ITP” means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with section 13.4.1 of Appendix A of the PEFA.

A.27 “Interregional Transmission Project Proponent” or “ITP Proponent” shall have the meaning given such term in section 1.53 of the body of the PEFA.

A.28 “Interregional Transmission Project Agreement” or “ITP Agreement” shall have the meaning given such term in section 1.53 of the body of the PEFA.

A.29 “Local Economic Study” means an Economic Study that (i) evaluates congestion (and possible remedies) only on Transmission Provider’s Washington Area transmission facilities of its Transmission System, or (ii) evaluates a potential Enhanced Reliability Upgrade. A Local Economic Study will not encompass or entail a production cost model study.

A.30 “Material Adverse Impacts” with respect to a Project or Proposed Project means, for purposes of Part III of this Attachment K, a reduction of transmission capacity on a transmission system (or other adverse impact on such transmission system that is generally considered in transmission planning in the Western Interconnection) due to such Project that is material, that would result from a Project, and that is unacceptable to the Person that owns or operates such transmission system. For purposes of Part III of this Attachment K, Material Adverse Impacts of a Project or Proposed Project are considered mitigated if there would not be any Material Adverse Impacts due to such Project.

A.31 “Merchant Transmission Developer” means any Person that owns or operates, or proposes to own or operate, transmission facilities in the Order 1000 ColumbiaGrid Planning Region and intends to recover its costs through negotiated rates and is therefore to be not eligible to request Order 1000 Cost Allocation for such facilities.

A.32 “Near-Term Existing Obligation Project” or “Near-Term EOP” means, at any time, an Existing Obligation Project that must be commenced prior to the end of the then next Planning Cycle in order to have sufficient lead time for implementation to meet the EOP Need giving rise to such Existing Obligation Project.

A.33 “Need” means, for purposes of Parts III and V of this Attachment K, any of the following Needs as identified in a System Assessment Report pursuant to section 3 of Appendix A of the PEFA: EOP Need, Need for a Requested Service Project, Need for a Capacity Increase Project, and Need for a Single System Project, including any such Needs that are driven by

Public Policy Requirements. “Potential Need,” for purposes of Parts III and V of this Attachment K, is an item that is proposed or considered for inclusion in the system assessment for possible identification in the System Assessment Report as a Need. For purposes of section 13 of Appendix A of the PEFA, a Need in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission need.

A.34 “Need Statement” means, with respect to a Need, a statement developed by Staff pursuant to section 3 of Appendix A of the PEFA and included for informational purposes in a Plan. A “Draft Need Statement” means a proposal for a Need Statement presented by Staff to the Board for review and comment.

A.35 “NERC” means North America Electric Reliability Corporation or its successor.

A.36 “NERC Data” means all Planning Input Data provided or to be provided (or deemed provided or to be deemed provided) to Transmission Provider pursuant to Part IX.1 of this Attachment K.

A.37 “NERC Entity” means at any time each entity with facilities (i) that are then located in Transmission Provider’s Balancing Authority Area or are directly interconnected with Transmission Provider’s Transmission System, (ii) that then fall within a Functional Type, and (iii) to which any NERC Standard then applies.

A.38 “NERC Standard” means at any time any NERC Reliability Standard then in effect as adopted by NERC and approved by the Commission.

A.39 “Network Service Data” has the meaning set forth in Part IX, section 2.1 of this Attachment K.

A.40 “Non-Incumbent Transmission Developer” means any Person that proposes to own or operate transmission facilities in the Order 1000 ColumbiaGrid Planning Region, which Person does not own or operate existing transmission facilities in the Order 1000 ColumbiaGrid Planning Region.

A.41 “Non-Order 1000 Cost Allocation” shall have the meaning given such term in section 1.48 of the body of the PEFA.

A.42 “Non-Transmission Alternative” means an alternative that does not involve the construction of transmission facilities and that ColumbiaGrid has determined would result in the elimination or deferral of a Need by modifying the loads or resources reflected in the system assessments. Examples of such alternatives that may constitute Non-Transmission Alternatives may include demand-side load reduction programs, peak-shaving projects, and distributed generation. The following examples are specifically excluded from Non-Transmission Alternatives: remedial action schemes, shunt capacitors, and reconductoring.

A.43 “Open Access Transmission Tariff” or “OATT,” for purposes of Part III of this Attachment K, means, for each Transmission Owner or Operator Planning Party, such Transmission Owner or Operator Planning Party’s open access transmission tariff and, if such

Transmission Owner or Operator Planning Party does not have such a tariff, the Commission's pro forma open access transmission tariff.

A.44 "Order 1000" means the Commission's Order No. 1000 (*Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051 (2011), *order on rehearing and clarification*, 139 FERC ¶ 61,132 (2012)) as it may be amended, supplemented, or superseded from time to time.

A.45 "Order 1000 Beneficiary" means a Transmission Owner or Operator Planning Party that is identified in an Order 1000 Cost Allocation Report as a Transmission Owner or Operator Planning Party that would receive Order 1000 Benefits as a direct result of an Order 1000 Project.

A.46 "Order 1000 Benefits" means, as more fully described in section 10.3.2 of Appendix A of the PEFA:

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

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

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

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

2. _____ the projected changes in revenues based on cost-based transmission rates over the Planning Horizon to such Transmission Owner or Operator Planning Party directly resulting from such Order 1000 Project or such Project's elimination or deferral of planned transmission facilities, which projected changes in revenues are to be based on projected changes of usage of such Transmission Owner or Operator Planning Party's Transmission System that are projected, using a robust economic analysis (including, as appropriate, production cost, power flow,

and stability analyses and evaluation of transmission queues) and are repeatable over a wide range of reasonable assumptions, to result over the Planning Horizon from the projected changes in capacity on such Transmission Owner or Operator Planning Party's Transmission System resulting from such Order 1000 Project or such Project's elimination or deferral of planned transmission facilities; and

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

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

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

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

A.47 "Order 1000 ColumbiaGrid Planning Region" means the Transmission Systems that Transmission Owner or Operator Planning Parties own or operate or propose to own or operate in the Regional Interconnected Systems. The transmission facilities, existing or proposed, of any Person that is enrolled in a neighboring transmission planning region (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region are not to be part of the Order 1000 ColumbiaGrid Planning Region, and such facilities are not to be part of or comprise intraregional facilities (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region for purposes of Order 1000 Cost Allocation.

A.48 “Order 1000 Cost Allocation” means an allocation, using the Order 1000 Cost Allocation Methodology, pursuant to section 10.3.3 of Appendix A of the PEFA, of costs of an Order 1000 Project among one or more Transmission Owner or Operator Planning Parties or ITP Proponents. “Non-Order 1000 Cost Allocation” means a cost allocation pursuant to provisions of the PEFA other than section 10.3, 13 or 14 of Appendix A of the PEFA (such as section 5.4, 6.4, 8.4 or 9.4 of Appendix A of the PEFA). Any Non-Order 1000 Cost Allocation is not to constitute a cost allocation for purposes of Order 1000. The term “any cost allocation” includes any Order 1000 Cost Allocation or any Non-Order 1000 Cost Allocation.

A.49 “Order 1000 Cost Allocation Methodology” means the cost allocation methodology set out in section 10.3 of Appendix A of the PEFA that is to be applied by ColumbiaGrid in making an Order 1000 Cost Allocation.

A.50 “Order 1000 Cost Allocation Report” means the report prepared by Staff and approved and finalized by the Board in accordance with section 10 of Appendix A of the PEFA that includes: (i) with respect to each Order 1000 Project selected for inclusion in a Biennial Plan, the results of and documentation relating to ColumbiaGrid’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including (a) the identified Order 1000 Benefits and an explanation of such Order 1000 Benefits, and (b) the identified Order 1000 Beneficiaries of such Order 1000 Project, and, (ii) with respect to any Proposed Project for which Order 1000 Cost Allocation was requested in accordance with section 10 of Appendix A of the PEFA but that was not selected as an Order 1000 Project, an explanation of why such Proposed Project was not selected as an Order 1000 Project.

A.51 “Order 1000 Preliminary Cost Allocation Report” means, with respect to an Order 1000 Project, the Staff’s results of and documentation in accordance with section 10 of Appendix A of the PEFA relating to the Staff’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including the comments of the relevant Study Team’s participants.

A.52 “Order 1000 Project” means (i) any Project, other than an ITP, for which Order 1000 Cost Allocation has been requested and that has been selected as an Order 1000 Project, all in accordance with section 10 of Appendix A of the PEFA or (ii) any ITP for which Interregional Cost Allocation has been requested and that has been selected as an Order 1000 Project, all in accordance with sections 10, 13 and 14 of Appendix A of the PEFA; *provided that*, if the Project would directly interconnect electrically with existing or planned transmission facilities in two or more Relevant Planning Regions, such Project shall not be eligible to be an Order 1000 Project except as an ITP. For purposes of the cost allocation provisions of the PEFA, an ITP may be deemed to be an Order 1000 Project notwithstanding the fact that the selection of an ITP as an Order 1000 Project under the PEFA occurs after cost allocation calculations have been performed with respect to such ITP. For the avoidance of doubt, Order 1000 Project specifically excludes any facilities for which all Transmission Owner or Operator Planning Party(ies) and the ITP Proponent(s), as applicable, that requested Order 1000 Cost Allocation has subsequently withdrawn such request in accordance with section 10 of Appendix A of the PEFA.

A.53 “Order 1000 Sponsor” means, with respect to any Project for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A of the PEFA

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

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

Order 1000 Sponsor specifically excludes a Merchant Transmission Developer with respect to a Project.

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

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

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

A.54 “Pacific Northwest” means the (i) sub region within the Western Interconnection comprised of Alberta, British Columbia, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming and (ii) any portions of the area defined in 16 U.S.C. § 839a(14) that are not otherwise included in (i).

A.55 “Party” means, for purposes of Parts II and III of this Attachment K, a signatory to the PEFA.

A.56 “Person” means, for purposes of Part III of this Attachment K, an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, joint operating entity, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, government entity or political subdivision thereof (including a federal power marketing administration), or organization recognized as a legal entity by law in the United States or Canada.

A.57 “Plan” means, for purposes of Part III of this Attachment K, at any time the then current Biennial Plan, as then revised by any Plan Updates. A “Draft Plan” refers to a Draft Biennial Plan or a Draft Plan Update. For purposes of section 13 of Appendix A of the PEFA, a Plan in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission plan.

A.58 “Planning Region” means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: California Independent System Operator Corporation, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

A.59 “Plan Update” means an update to the then current Plan adopted by the Board pursuant to section 2.4 of the body of the PEFA. A “Draft Plan Update” means a plan update presented by Staff to the Board for adoption but not yet adopted by the Board.

A.60 “Planning and Expansion Functional Agreement” or “PEFA” means at any time the ColumbiaGrid Planning and Expansion Functional Agreement then on file with the Commission.

A.61 “Planning Criteria” means the then current planning standards that ColumbiaGrid shall apply, as provided in section 2.1 of Appendix A of the PEFA, in any system assessment, System Assessment Report, or Need Statement.

A.62 “Planning Cycle” means a period of approximately 24 months during which a Draft Biennial Plan is to be prepared and presented to the Board for adoption and during which a Biennial Plan is to be subsequently adopted by the Board.

A.63 “Planning Horizon,” for purposes of Part III of this Attachment K, means, with respect to any Biennial Plan (or Plan Update), the period for which the system assessment for such Biennial Plan (or Plan Update) is made, which period shall be the longer of (i) ten years or (ii) the planning period required by the Commission in its pro forma OATT, as it may be amended from time to time.

A.64 “Planning Input Data” means NERC Data, Demand Response Resource Data, Generating Facility Data, Network Service Data and Transmission Service Data provided or deemed provided (or to be provided or to be deemed provided) to Transmission Provider pursuant to this Attachment K.

A.65 “Planning Party” means, for purposes of Part III of this Attachment K, each Party other than ColumbiaGrid. ColumbiaGrid is to maintain a list of the Planning Parties on its Website.

A.66 “Point-to-Point Customer” means an entity receiving service pursuant to the terms of the Transmission Provider’s Point-to-Point Transmission Service under Part II of the Tariff.

A.67 “Project” means, for purposes of Part III of this Attachment K, any of the following included in a Plan, under development in the transmission planning processes under the PEFA, or under consideration for inclusion in a Plan, as the context requires: (i) Capacity Increase Project, (ii) Existing Obligation Project, (iii) Requested Service Project, (iv) Single System Project, or (v) an ITP. A Project may be classified as one or more of the foregoing types of Projects. A Project that is classified as more than one of the foregoing types is sometimes referred to in the PEFA as a “Project with Multiple Classifications”. An “Expanded Scope Project” is a Project (other than an ITP) the scope of which is expanded in accordance with

section 9 of Appendix A of the PEFA and may be a combination of one or more Existing Obligation Projects, Requested Service Projects, Capacity Increase Projects, and Single System Projects. A “Proposed Project” means a proposal for a Project at such time as it is being discussed in the transmission planning process.

A.68 “PSE Proprietary Information” means, for purposes of this Attachment K, any

- (i) non-public or confidential trade secrets, commercial or financial information or other information of Transmission Provider, whether of a technical, business or other nature, or
- (ii) information that has been made available to Transmission Provider by any third party or entity that Transmission Provider is obligated to keep non-public or confidential,

that is used by Transmission Provider in its transmission planning processes pursuant to this Attachment K.

A.69 “Public Policy Requirements” means enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level.

A.70 “Regional Benefits for Purposes of Interregional Cost Allocation” shall have the meaning given such term in section 1.46 of the body of the PEFA.

A.71 “Regional Interconnected Systems” or “RIS” means the interconnected transmission systems in the Pacific Northwest.

A.72 “Relevant Planning Regions” means, with respect to an ITP, the Planning Regions that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with section 13.4.2 of Appendix A of the PEFA, at which time it shall no longer be considered a Relevant Planning Region.

A.73 “Relevant State or Provincial Agency” means any State or Provincial agency with authority over energy regulation, transmission, or planning that has expressed an interest in the ColumbiaGrid transmission planning process and has requested to be included on the Interested Persons list. For example, these may include the Washington Utilities and Transportation Commission, Idaho Public Utilities Commission, Oregon Public Utility Commission, Washington Department of Commerce (specifically the Energy Office within that department), Washington Energy Facility Site Evaluation Council, and the appointees to the Northwest Power and Conservation Council. If requested by a governor in the Pacific Northwest, Relevant State and Provincial Agency may also include a representative from such governor’s office. For the purposes of this definition the term also includes any successor to these agencies.

A.74 “Replication Data” means basic criteria, assumptions and data necessary to replicate the results of Transmission Provider’s planning studies performed pursuant to this Attachment K that underlie the PSE Plan.

A.75 “Requested Service Assessment” means, with respect to a request to a Transmission Owner or Operator Planning Party for study related to a transmission service or interconnection, an assessment of the effect of such request on such Transmission Owner or Operator Planning Party’s Transmission System and on other transmission systems.

A.76 “Requested Service Project” means any modification of the Regional Interconnected Systems

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

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

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

(iv) that involves more than one Transmission System.

A “Proposed Requested Service Project” means a proposal for a Requested Service Project at such time as it is being proposed in the transmission planning process under the PEFA; a “Recommended Requested Service Project” means a recommendation for a Requested Service Project that is developed by the agreement of Affected Persons and that is included in a Plan; a “Staff-Recommended Requested Service Project” means a recommendation by the Staff for a Requested Service Project following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Requested Service Project.

A.77 “Single System Project” means any modification of a single Transmission System of a Transmission Owner or Operator Planning Party that

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

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

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

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

With respect to a Transmission Owner or Operator Planning Party's Single System Project for which such Transmission Owner or Operator Planning Party as sponsor of such Project has requested an Order 1000 Cost Allocation in accordance with section 10 of Appendix A of the PEFA: a “Proposed Single System Project” means a proposal for a Single System Project at such time as it is being proposed in the transmission planning process under the PEFA; a

“Recommended Single System Project” means a recommendation for a Single System Project that is developed by the agreement of Affected Persons and that is included in a Plan; and a “Staff-Recommended Single System Project” means a recommendation by the Staff for a Single System Project following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Single System Project.

A.78 “Staff” means, for purposes of Part III of this Attachment K, the ColumbiaGrid staff, officers, or consultants hired or retained by ColumbiaGrid to perform the Staff’s responsibilities under the PEFA. The activities of Staff under the PEFA are to be performed under the supervision and guidance of the ColumbiaGrid Board.

A.79 “Study Team” with respect to a Proposed Project being defined means a team that is comprised of ColumbiaGrid and the following that choose to participate in such team: (i) any Planning Parties, (ii) any Affected Persons identified with respect to such Project, (iii) any Interested Persons, and (iv) any ITP Proponent(s) of such Project; *provided that* participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law.

A.80 “System Assessment Report” means each system assessment report developed by Staff pursuant to section 3 of Appendix A of the PEFA.

A.81 “Third Person” means, for purposes of Part III of this Attachment K, any Person other than a Party.

A.82 “Total Regional Costs from Interregional Cost Allocation” shall have the meaning given such term in section 1.46 of the body of the PEFA.

A.83 “Transmission Owner or Operator Planning Party” or “TOPP” means a Party that is, or proposes to be, an owner or operator of transmission facilities in the Pacific Northwest. For purposes of the PEFA, an “owner” includes, but is not limited to, a Party that has a leasehold interest in or other beneficial use of the subject facilities, where, for financing purposes, legal title is held by another entity.

A.84 “Transmission Service Data” has the meaning set forth in Part IX, section 2.2 of this Attachment K.

A.85 “Transmission System” means, for purposes of Parts III and V of this Attachment K, with respect to a Transmission Owner or Operator Planning Party, the transmission facilities in the Pacific Northwest owned or operated or proposed to be owned or operated by such Transmission Owner or Operator Planning Party.

A.86 “Website” means, for purposes of Part III of this Attachment K, the website maintained by ColumbiaGrid at <http://www.columbiagrid.org>.

A.87 “Western Electricity Coordinating Council” or “WECC” means the Western Electricity Coordinating Council or any successor entity.

Attachment B

ATTACHMENT K
TRANSMISSION PLANNING PROCESS

PART I. INTRODUCTION

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

Transmission Provider will pursuant to this Attachment K develop and update annually a ten year plan for Transmission Provider’s Transmission System (“PSE Plan”). The PSE Plan will identify new transmission facilities and facility replacements or upgrades planned by Transmission Provider for its Transmission System over the ensuing ten years. The Transmission Provider’s transmission planning process will include open planning meetings that the Transmission Provider will conduct at least twice a year to allow anyone, including, but not limited to, network and point-to-point customers, interconnected systems, regulatory and state bodies and other Persons, to provide input into and comment on the Transmission Provider’s development and annual update of the PSE Plan.

The ColumbiaGrid planning process is structured to support and manage the coordination of the multi-system planning (including related studies) of Transmission Provider and other ColumbiaGrid Transmission Owner or Operator Planning Parties (or TOPPs). Such responsibilities are detailed in the ColumbiaGrid Planning and Expansion Functional Agreement (or PEFA), which is posted on the ColumbiaGrid Website. Part III of this Attachment K describes Transmission Providers’ participation in transmission planning as a party to the PEFA.

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

PART II. RESPONSIBILITIES UNDER ATTACHMENT K

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

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

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

PART III.

THE COLUMBIAGRID TRANSMISSION PLANNING PROCESS

1. Introduction

The Transmission Provider participates in ColumbiaGrid regional planning as a party to the PEFA. ColumbiaGrid is a non-profit membership corporation whose purpose is to promote, in the public interest, coordinated and reliable planning, expansion, and operation of the interconnected transmission systems in the Pacific Northwest, taking into consideration environmental concerns, regional interests, and cost-effectiveness.

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

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

The planning process described in this Part III to be followed under the PEFA by ColumbiaGrid and the Planning Parties is more fully described in the PEFA, including specifically its Appendix A. Under the PEFA, any entity that owns or operates or proposes to own or operate transmission facilities in the Pacific Northwest may sign the PEFA, and thereby become a Planning Party. Under section 1.56 of the PEFA, ColumbiaGrid is to maintain a list of the Planning Parties on its Website. (<http://www.columbiagrid.org/>) Planning Parties are the entities that, as signatories to the PEFA, agree to participate in the ColumbiaGrid regional transmission planning process and agree that transmission facilities in the Pacific Northwest that they own or operate or propose to own or operate are included in the Order 1000 ColumbiaGrid Planning Region.

In developing each Plan, ColumbiaGrid is to conduct such activities consistent with the PEFA and is to endeavor to:

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

(ii) model and study the RIS facilities through a system assessment and other analyses assuming that the information necessary to model the Projects is available and taking into account the input of Planning Parties and Interested Persons with respect to Potential Needs, including Potential Needs driven by a Public Policy Requirement;

(iii) through the system assessment, identify Needs for which potential solutions should be identified and evaluated and task Study Teams to work in an open, transparent, non-discriminatory, and collaborative manner (subject to

ColumbiaGrid's obligation to protect Confidential Information and CEII pursuant to the PEFA) to identify and evaluate solutions to address such Needs and evaluate such solutions, including their consistency with the solution evaluation factors described in section 2.3 of Appendix A of the PEFA;

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

(v) for Projects other than Order 1000 Projects, as appropriate, apply the cost allocation provisions of sections 5.4, 6.4, 8.4, or 9.4 of Appendix A of the PEFA;

(vi) coordinate, as appropriate, with the planning activities of other regional planning entities and neighboring transmission systems, including other transmission planning regions (as such term is used in Order 1000);

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

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

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

Under section 1.66 of the PEFA, ColumbiaGrid is to maintain a list of the Planning Parties on its Website. Planning Parties are the entities that, as signatories to the PEFA, agree to participate in the ColumbiaGrid transmission planning process and agree that transmission facilities in the Pacific Northwest that they own or operate or propose to own or operate are included in the Order 1000 ColumbiaGrid Planning Region.

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

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

2. Criteria and Factors

2.1 Planning Criteria

Under section 2 of Appendix A of the PEFA, ColumbiaGrid is to apply the then current versions of the following as Planning Criteria for its system assessment, System Assessment Reports, and Need Statements:

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

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

2.2 Needs Factors

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

- (i) the level and form of support for addressing the Potential Need (such as indications of willingness to purchase capacity and existing transmission service requests that could use capacity consistent with solutions that would address the Potential Need);
- (ii) the feasibility of addressing the Potential Need;
- (iii) the extent, if any, that addressing the Potential Need would also address other Potential Needs; and
- (iv) the factual basis supporting the Potential Need.

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

2.3 Solution Evaluation Factors

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

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

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

2.4 Non-Transmission Alternatives

In the evaluation of a Non-Transmission Alternative, if the Study Team determines that such alternative has a reasonable degree of development, eliminates or defers the Need(s) being studied by the Study Team, and is reasonable and adequate considering the factors described in section 2.3 of Appendix A of the PEFA, the Non-Transmission Alternative should be noted in the Plan. If such alternative is adopted by the Person on whose Electric System it would be located, such Non-Transmission Alternative is to be included in the assumptions used in future system assessments, subject to subsequent updates on the status of such Non-Transmission Alternative.

3. System Assessment Report and Need Statements

Each year, ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to, under section 3 of Appendix A of the PEFA, prepare a Draft System Assessment Report that includes Draft Need Statements for the Biennial Plan then being developed; *provided that* Draft Need Statements need not be prepared for a Draft System Assessment Report for the second year of a Planning Cycle for any Need already identified in the previous system assessment or for any EOP Need that does not require a Near-Term EOP solution. Under the PEFA, the procedure for the preparation of the Draft System Assessment Report and Draft Need Statements is to be as follows:

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

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

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

- 1. Potential Need of a TOPP identified by such TOPP:
 - A. to respond to requests for transmission service and interconnection;
 - B. to increase capacity on its Transmission System; and
 - C. for a Single System Project;and
- 2. Potential Need identified by any Person for increased transmission capacity on the RIS.

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

3.1.2 ColumbiaGrid is to perform the system assessment and base such assessment on the then current and appropriate WECC planning base cases; *provided that* Planning Parties are to provide updates to the input previously provided to ColumbiaGrid pursuant to sections 4.1 and 4.6 of the body of the PEFA. ColumbiaGrid is to insofar as practicable update the then current WECC planning base case to reflect such updated information so that the system assessment reflects on-going projects on the RIS and the likely completion dates of such projects to the extent such projects and completion dates are reasonably forecasted to occur prior to the end of the Planning Horizon.

3.1.3 ColumbiaGrid is to determine in each system assessment, with respect to any Order 1000 Project included in the Plan, the status and on-going progress of such Project. The Order 1000 Sponsor is to provide for each such system assessment, and such determination is to be based on, updated Project information. The system assessment is to include an assessment of whether such Project continues to be expected to meet the underlying Need(s) in a timely manner. If such Project does not so continue

to be expected to meet such Need(s) in a timely manner, ColumbiaGrid may remove such Project from its Biennial Plan. Upon such removal, such Project is not to be an Order 1000 Project. It is recognized that such removal may result in alternative solutions in the transmission planning process to meet any applicable Need(s).

3.1.4 ColumbiaGrid is to post drafts of the system assessment results as they become available during the system assessment process on its Website subject to any appropriate conditions to protect Confidential Information and CEII.

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

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

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

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

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

1. a narrative description of the Need and the assumptions, applicable Planning Criteria, and methodology used to determine the Need;
2. one or more conceptual transmission-based solutions to meet the Need with estimated timelines and estimated costs to implement each such solution; and
3. an indication of whether a non-transmission solution might be viable to eliminate or delay the necessity for such a transmission-based solution.

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

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the first sentence of this section 3.1.6 to read as follows:

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

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

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

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

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

4. Study Teams

ColumbiaGrid, under section 4 of Appendix A of the PEFA, is to facilitate and participate in Study Teams. Planning Parties are to, and Affected Persons and Relevant State and Provincial Agencies and other Interested Persons may, actively participate in ColumbiaGrid planning activities through membership in Study Teams.

4.1 Scope of Study Team Activities

ColumbiaGrid in consultation with each Study Team is to, under section 4.3 of the PEFA, endeavor to notify the following Persons of the formation and scope of activities of such Study Team with respect to a Proposed Project: (i) all Affected Persons with respect to such Project, (ii) all Persons potentially interested in such Study Team, and (iii) the Interested Persons List, including Pacific Northwest transmission owners and operators and State, Provincial, and Tribal representatives on the Interested Persons List. ColumbiaGrid is to develop protocols regarding procedures designed to identify and notify States and Provinces, including agencies responsible for facility siting, utility regulation, and general energy policy, Tribes, and Pacific Northwest transmission owners and operators that are potentially impacted by Needs or solutions regarding the activities of Study Teams addressing such Needs or solutions. For example, the protocol should include a provision stating that at such time as it becomes apparent to a Study Team that Tribal resources or lands may be impacted, the Study Team should make a reasonable attempt to notify potentially impacted Tribes of its work. ColumbiaGrid may work with the Planning Parties and Pacific Northwest Tribes to compile a database of Tribal lands and culturally significant areas for use under such a protocol.

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

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

In performing such evaluation, the Study Team is to assess the ability of any such proposed solution to address a Need(s) considering the factors as described in section 2.3 of Appendix A of the PEFA. In addition, the Study Team is to assess whether there is a solution that is a more cost-effective and efficient alternative, applying such factors, to address Need(s). Taking such assessments into account, Study Teams are to attempt to reach agreement on all of the elements, as appropriate, of a plan of service to meet such Need(s).

A Study Team's evaluation may not necessarily result in a plan of service.

The specific objective of a Study Team's discussions is to vary based upon the underlying Need(s). With respect to an EOP Need, a Study Team is to develop a proposed solution that addresses an EOP Need in a Need Statement. With respect to a Requested Service Project, the Study Team is to develop a proposed solution that serves the request for service in a manner that meets time constraints. With respect to a Single System Project, a Proposed Project's sponsor that is a TOPP may request a Study Team for Project development if such Proposed Project's sponsor also requests an Order 1000 Cost Allocation for such Project. If a

TOPP proposing a Single System Project has not requested a Study Team, ColumbiaGrid may convene a Study Team to identify whether there are Material Adverse Impacts resulting from such Project. With respect to a Capacity Increase Project, a Proposed Project's sponsor that is a TOPP may request a Study Team for Project development. If a TOPP proposing a Proposed Capacity Increase Project has not requested a Study Team, any Affected Person may request a Study Team to identify and address Material Adverse Impacts resulting from such Proposed Capacity Increase Project.

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

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

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

With respect to an ITP submitted pursuant to Section 14.2 of Appendix A of the PEFA, a Study Team is to evaluate such ITP as a proposed solution for a Need(s).

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

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

4.3 Participation in Study Teams

Any Planning Party, Affected Person, or Relevant State and Provincial Agency or other Interested Person may participate in a Study Team, with the exception that participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law. TOPP(s) that are potentially materially affected by an EOP Need or a Proposed EOP are to participate in the Study Team relating to such EOP Need or Proposed EOP. With respect to an EOP, the TOPP(s) primarily affected by the EOP Need or a Proposed EOP is to assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to a Proposed Requested Service Project, the TOPP(s) receiving a transmission service or interconnection request is to assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to a Proposed Single System Project or Proposed Capacity Increase Project for which the Project's sponsor has requested that a Study Team assist in Project development, the Planning Party proposing such Project is to assume primary responsibility for leading and performing necessary analytical work in the Study Team.

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

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

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

With respect to an ITP, and consistent with Section 14.3 of Appendix A of the PEFA, the TOPP(s) or ITP Proponent(s) that submitted the ITP is to assume primary responsibility for leading and performing necessary analytical work for such ITP in the Study Team.

4.4 Formation of Study Teams

Under section 4.4 of Appendix A of the PEFA, Staff is to (i) hold a public meeting, with general notice to Planning Parties and Relevant State and Provincial Agencies and other Interested Persons and specific notice to those TOPPs that ColumbiaGrid anticipates may be affected, for the purpose of reviewing each Need Statement(s) and soliciting participation in a Study Team to address each Need Statement; (ii) also inform Planning Parties and “Interested [Persons]” (*see* PEFA Appendix A, section 4.4) regarding those Study Teams that have been requested in accordance with the PEFA for purposes other than addressing Needs; (iii) also consider convening Study Teams that address more than one Need Statement; and (iv) monitor the progress of each Study Team and, as appropriate, bring Study Teams together in order to resolve differences, gain efficiencies or effectiveness, or develop solutions that meet more than one Need Statement.

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

Under section 4.4 of Appendix A of the PEFA, Staff is to (i) hold a public meeting, with general notice to Planning Parties and Relevant State and Provincial Agencies and other Interested Persons and specific notice to those TOPPs that ColumbiaGrid anticipates may be affected, for the purpose of reviewing each Need Statement(s) and soliciting participation in a Study Team to address each Need Statement; (ii) also inform Planning Parties and Interested Persons regarding those Study Teams that have been requested in accordance with the PEFA for purposes other than addressing Needs; (iii) also consider convening Study Teams that address more than one Need Statement; and (iv) monitor the progress of each Study Team and, as appropriate, bring Study Teams together in order to resolve differences, gain efficiencies or effectiveness, or develop solutions that meet more than one Need Statement.

5. Development of EOPs After Development of Need Statements

5.1 Formation of Study Teams

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

5.2 Elements of an EOP

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

5.3 Non-Transmission Alternatives

As part of the Study Team process, the Study Team is to, as provided in section 2.4 of Appendix A of the PEFA, evaluate, using factors that include those identified in section 2.3 of Appendix A of the PEFA, any Non-Transmission Alternative proposed by a Study Team participant. (Examples of Non-Transmission Alternatives may include demand-side load reduction programs, peak-shaving projects, and distributed generation.) If the Study Team determines that such alternative has a reasonable degree of development, eliminates or defers the EOP Need(s) being studied by the Study Team, and is reasonable and adequate under such criteria, the Non-Transmission Alternative should be noted in the Plan and, if adopted by the Person on whose Electric System it would be located, included in the assumptions used in future system assessments, subject to subsequent updates on the status of such Non-Transmission Alternative.

5.4 Completion of a Proposed EOP

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

In the event that such Affected Persons do not reach agreement on any element(s) of a “[p]roposed Near-Term EOP” (*see* PEFA Appendix A, section 5.4), the Staff is to make a recommendation for any unresolved element(s) of a “[p]roposed Near-Term EOP” (*see* PEFA Appendix A, section 5.4) and may, as the Staff finds appropriate, present fully-developed alternatives for the Board’s consideration. The Staff is to inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is

still not agreement among the Affected Persons, the Staff is to include its recommendation in the Draft Plan. In such event, ColumbiaGrid is to, in the absence of an Order 1000 Cost Allocation, endeavor to make an equitable allocation of the costs of a Staff-Recommended EOP taking into account (i) the causation of the EOP Need giving rise to such EOP or (ii) the delay or elimination during the Planning Horizon of any EOP Need as a result of such EOP. Where there are two affected TOPPs, and one has an EOP Need and the best way to meet that EOP Need is to upgrade facilities on the other TOPP's system, ColumbiaGrid is to allocate costs in a form of Facilities Agreement to the TOPP causing the EOP Need. ColumbiaGrid may also allocate costs to a TOPP in a Facilities Agreement whose EOP Need does not give rise to the Staff-Recommended EOP but that has an EOP Need during the Planning Horizon that is met by such Staff-Recommended EOP; *provided that* ColumbiaGrid is not to allocate costs to such TOPP in an amount that exceeds the cost that would have been incurred by such TOPP had it met its EOP Need with a separate EOP. The Staff is not to allocate costs based upon other potential future system benefits. When the Staff submits the Draft Plan to the Board for approval, the Staff is to identify such elements and is to include a summary analysis of minority positions on any aspect of such Staff-Recommended EOP.

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

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

6. Requested Service Projects

6.1 Receipt of Transmission Service or Interconnection Request

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

6.2 Requested Service Assessment; Formation of Study Teams

Under section 6.2 of Appendix A of the PEFA, when a TOPP has a completed transmission service application, determines that it does not have sufficient capacity to serve such request and reasonably believes that the requested service may impact a transmission system other than that of such TOPP, and the customer has indicated to the TOPP that it wants to pursue further study, such TOPP is to notify ColumbiaGrid that it has a request for a study.

ColumbiaGrid is to perform a Requested Service Assessment to determine which transmission systems, including those of non-Planning Parties, are affected.

Under section 6.2 of Appendix A of the PEFA, when a TOPP has received an interconnection request and reasonably believes that such request or a Proposed Project to satisfy the request will affect a transmission system other than that of such TOPP, such TOPP is to notify ColumbiaGrid of such request and such determination. ColumbiaGrid is to perform a Requested Service Assessment to determine which transmission systems, including those of non-Planning Parties, are affected.

In each such instance in section 6.2 of Appendix A of the PEFA, ColumbiaGrid is to notify those Persons it determines are potentially Affected Persons and convene a Study Team, which should develop a study agreement in accordance with the TOPP's policies and procedures; *provided that* participation in Study Teams convened for an interconnection request may be limited consistent with such TOPP's OATT and applicable law. ColumbiaGrid, in consultation with Planning Parties and Interested Persons, is to cluster requests for purposes of performing studies when practical. The TOPP with the request is to inform its transmission or interconnection requesting Person regarding the needed study and the estimated costs. If the transmission or interconnection requesting Person is willing to assume the costs of such study and instructs the TOPP to proceed, the Study Team is to develop a solution to provide sufficient capacity to serve the request.

Under section 6.2 of Appendix A of the PEFA, upon execution of a study agreement, ColumbiaGrid is to (subject to any applicable confidentiality requirements under the OATT under which the transmission or interconnection service request was submitted) post the request, information concerning any clustering of the request, the identity of the parties to the study agreement, and the study schedule, and is to from time to time update the posting to provide other pertinent information.

6.3 Elements of a Requested Service Project

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

6.4 Completion of a Proposed Requested Service Project

A Proposed Requested Service Project is to be ready for inclusion in a Draft Plan when (i) all of the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team have agreed to each element of such Proposed Requested Service Project, (ii) the Study Team has confirmed that such Project meets the request and has appropriately mitigated Material Adverse Impacts resulting from such Project on any transmission systems, and (iii) the requestor has agreed to pursue the Project. Such Proposed Requested Service Project may be memorialized in a Project agreement prior to its inclusion in a Draft Plan and, in

such instance, is to be included in such Draft Plan for informational purposes. In the event that such Affected Persons do not reach agreement on a Proposed Requested Service Project in whole or in part within a reasonable time, Staff is to make a recommendation for any unresolved element(s) and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff is to inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement amongst the Affected Persons, the Staff is to develop a recommended plan of service. If there is an accompanying EOP Need which can be delayed or eliminated by the Staff-Recommended Requested Service Project within the Planning Horizon, ColumbiaGrid is to, in the absence of an Order 1000 Cost Allocation, endeavor to make an equitable allocation of costs of such Staff-Recommended Requested Service Project based upon the affected TOPP's OATT requirements and the delay or elimination of the EOP Need. ColumbiaGrid may allocate costs in a Facilities Agreement to a TOPP that has an EOP Need during the Planning Horizon that is met by the Staff-Recommended Requested Service Project; *provided that* ColumbiaGrid is not to allocate costs in an amount that exceeds the cost that would have been incurred by such TOPP had it met its EOP Need with a separate potential EOP. The Staff is not to allocate costs based upon other potential future system benefits. A Staff-Recommended Requested Service Project is not to have any unmitigated Material Adverse Impacts resulting from such Project on any transmission systems. The Staff may present more than one Staff-Recommended Requested Service Project for the Board to select from. When the Staff submits the Staff Recommended Project to the Board for approval, the Staff is to identify any unresolved element(s) and is to include a summary analysis of positions advanced by any Affected Persons on such unresolved element(s). If the Staff-Recommended Requested Service Project is approved by the Board and agreed upon by the requestor and all Affected Persons it is to be included in the Plan.

7. Single System Projects

7.1 Notification of Single System Projects

Under the PEFA, each Planning Party is to advise ColumbiaGrid of any Single System Projects that it is planning on its Transmission System. Single System Projects may be for purposes of addressing a Need(s) or for another purpose.

If the system assessment performed by Staff under section 3 of Appendix A of the PEFA identifies an EOP Need on a single Transmission System, Staff is to inform the subject TOPP of such EOP Need and, if such TOPP concludes that such EOP Need may be resolved on its Transmission System, the TOPP is to inform ColumbiaGrid of such resolution. In such instances, the Staff is to include such EOP Need in the Draft System Assessment Report for informational purposes.

7.2 Formation of Study Team to Evaluate Material Adverse Impacts

If any Affected Person requests, in accordance with section 7.2 of Appendix A of the PEFA, a Study Team to evaluate Material Adverse Impacts resulting from a potential Single System Project and if a Study Team has not otherwise been requested pursuant to section 7.3 of Appendix A of the PEFA for such Project, ColumbiaGrid is to convene a Study Team to evaluate Material Adverse Impacts. If there are no unmitigated Material Adverse Impacts, ColumbiaGrid

is to include such potential Single System Project in the Plan as a Single System Project for informational purposes and include such Single System Project in future system assessments, subject to subsequent updates on the status of such Project. If there are unmitigated Material Adverse Impacts, such potential Project is not to be a Single System Project.

7.3 Formation of Study Team for Project Development

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

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

In the event that Affected Persons do not reach agreement on any element(s) of such Proposed Single System Project, and the Sponsor has not withdrawn its request for an Order 1000 Cost Allocation, the Staff is to make a recommendation for any unresolved element(s) of such Project and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff is to inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement among the Affected Persons, the Staff is to include its recommendation in the Draft Plan.

8. Capacity Increase Projects

8.1 Notification of Capacity Increase Projects

Under the PEFA, each Planning Party is to advise ColumbiaGrid of any Capacity Increase Projects that it is planning or anticipates participating in on the RIS. Capacity Increase Projects may be for purposes of addressing a Need(s) or for another purpose.

8.2 Formation of Study Team

8.2.1 Formation of Study Team for Project Development. If the Proposed Project's sponsor requests a Study Team for Project development, ColumbiaGrid is to convene such Study Team for such purpose. In the event that Affected Persons do not reach agreement on any element(s) of a Proposed Capacity Increase Project developed by a Study Team convened for Project development of such Project, and the Project's sponsor(s) so requests, the Staff is to make a recommendation for any unresolved element(s) of such Project and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff is to inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement among the Affected Persons, the Staff is to include its recommendation in the Draft Plan.

8.2.2 Formation of Study Team for Evaluation of Material Adverse Impacts. If any Affected Person requests a Study Team to evaluate Material Adverse Impacts resulting from a Proposed Capacity Increase Project for which a Study Team has not otherwise

been requested pursuant to section 8.2.1 of Appendix A of the PEFA, ColumbiaGrid is to convene a Study Team to evaluate Material Adverse Impacts.

8.3 Elements of Capacity Increase Project

A Capacity Increase Project in a Biennial Plan (or Plan Update) is to include the following elements: plan of service, estimated costs, the expected amount of transmission capacity added for each new or existing path, reasons for the Project, alternatives considered using the solution evaluation factors described in section 2.3 of Appendix A of the PEFA, the Persons who are responsible for the costs and construction of the Project, the owners and operators of the added facilities, schedule, including estimated completion date, transmission rights allocation, Material Adverse Impacts, if any, and any mitigation of Material Adverse Impacts; *provided that* any unmitigated Material Adverse Impacts are to be subject to resolution in the WECC “regional” planning or path rating process.

8.4 Request for Cost Allocation for Proposed Capacity Increase Project

In the absence of an Order 1000 Cost Allocation, a TOPP may request a cost allocation recommendation from ColumbiaGrid on a Proposed Capacity Increase Project if the related Study Team is unable to come to voluntary agreement on the cost allocation. This recommendation is to be non-binding but can be used by the Study Teams to facilitate agreement on cost allocation.

If ColumbiaGrid is otherwise unable to arrive at a non-binding recommendation for cost allocation as provided in this section, ColumbiaGrid’s non-binding recommendation is to be to allocate 100 percent of the costs of such Proposed Capacity Increase Project among the Persons participating in such Project in proportion to the expected amount of added transmission capacity to be received by each such Person from such Project.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise this section 8.4 by combining it into one paragraph and amending it to read in its entirety as follows:

In the absence of an Order 1000 Cost Allocation, a TOPP may request a cost allocation recommendation from ColumbiaGrid on a Proposed Capacity Increase Project if the related Study Team is unable to come to voluntary agreement on the cost allocation. This recommendation is to be non-binding but can be used by the Study Teams to facilitate agreement on cost allocation. If ColumbiaGrid is otherwise unable to arrive at a non-binding recommendation for cost allocation as provided in section 8.4 of Appendix A of the PEFA, ColumbiaGrid’s non-binding recommendation is to be to allocate 100 percent of the costs of such Proposed Capacity Increase Project among the Persons participating in such Project in proportion to the expected amount of added transmission capacity to be received by each such Person from such Project.

9. Expanded Scope Projects

9.1 Assessing Interest in Expanding the Scope of a Proposed Project

Under the PEFA, prior to including any Proposed Project in a Draft Biennial Plan or Draft Plan Update, the Staff is to determine, in an open process, whether there is interest in expanding the scope of such Proposed Project; *provided that* absent agreement of the TOPP(s) whose Transmission System(s) has a projected EOP Need, consideration of the request to expand the scope of a Proposed EOP is not to unreasonably delay Project development beyond the point where there is sufficient lead time for the original Project to be completed to meet such Need or as otherwise required.

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

Under the PEFA, prior to including any Proposed Project (other than an ITP) in a Draft Biennial Plan or Draft Plan Update, the Staff is to determine, in an open process, whether there is interest in expanding the scope of such Proposed Project; *provided that* absent agreement of the TOPP(s) whose Transmission System(s) has a projected EOP Need, consideration of the request to expand the scope of a Proposed EOP is not to unreasonably delay Project development beyond the point where there is sufficient lead time for the original Project to be completed to meet such Need or as otherwise required.

9.2 Formation of Study Team

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

9.3 Completion of a Proposed Expanded Scope Project

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

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

An Expanded Scope Project may be a combination of one or more EOPs, Requested Service Projects, Capacity Increase Projects, and Single System Projects. The provisions of the

PEFA governing ColumbiaGrid cost allocation recommendations for such types of Projects are to be applied to the various portions of any Expanded Scope Project and Projects with Multiple Classifications as applicable.

10. Order 1000 Projects and Cost Allocation

10.1 Qualification as an Order 1000 Project

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

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

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

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

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

Any request submitted after the applicable foregoing deadline is to be not timely and is not to result in consideration of a Proposed Project for selection as an Order 1000 Project for the Plan then under development.

10.1.2 Selection as Order 1000 Project. No later than 30 days after the later of (i) the issuance of the final Study Team report with respect to a Proposed Project, including the plan of service to address the applicable Need(s) and (ii) the receipt by ColumbiaGrid of a timely request pursuant to section 10.1.1 of Appendix A of the PEFA for Order 1000 Cost Allocation for such Proposed Project, the Staff is to make a preliminary determination whether such Project qualifies as an Order 1000 Project pursuant to section 10.1.2.1 of Appendix A of the PEFA. ColumbiaGrid is to document Staff's preliminary determination in writing, post such determination on its Website, distribute such determination to Planning Parties and participants in the Study Team for the Proposed Project for which Order 1000 Cost Allocation has been requested, and communicate to its Interested Persons distribution list that such a determination has been posted on its Website. Planning Parties and Interested Persons are to have 30 days to provide written comments on the Staff's preliminary determination. After considering such written comments and modifying its preliminary determination as the Staff finds appropriate, the Staff is to present its determination to the Board for review and comment.

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

If all Order 1000 Sponsors that requested an Order 1000 Cost Allocation for a Proposed Project timely withdraw such requests in accordance with section 10 of Appendix A of the PEFA, the Proposed Project is not to be identified as an Order 1000 Project in the Biennial Plan. In such an instance, however, if such Project would receive a Non-Order 1000 Cost Allocation under the PEFA had an Order 1000 Sponsor not requested Order 1000 Cost Allocation, ColumbiaGrid is to make a Non-Order 1000 Cost Allocation in accordance with the PEFA.

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

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

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

- (i) the Order 1000 Sponsor's(s') proposed Order 1000 Project:
 - a. meets such Need(s);
 - b. is confirmed by the Study Team or ColumbiaGrid, as appropriate, to be the more cost effective and efficient solution to meet such Need(s);
 - c. has been developed by a Study Team and been included in the related plan of service; and
 - d. Order 1000 Cost Allocation for such Project has been timely requested (and such request has not been withdrawn by all Order 1000 Sponsors of such Project) pursuant to section 10.1.1 of Appendix A of the PEFA;

and

- (ii) the Order 1000 Sponsor(s):
 - a. is found by ColumbiaGrid to meet the Order 1000 Sponsor qualifications set out in section 10.1.2.2 of Appendix A of the PEFA; *provided that* if ColumbiaGrid finds that the Order 1000 Sponsor(s) does not meet such qualifications, ColumbiaGrid is to give to such Order 1000 Sponsor(s) written notice describing the deficiencies, and such Order 1000 Sponsor(s) is to have 30 days after receipt of such notice to cure such deficiencies; and
 - b. has submitted required information on a timely basis, including Project data and Project development schedule, indicating required steps, such as granting of state, federal, and local approvals necessary to develop and construct the Proposed Project so as to timely meet the Need(s); *provided that* data relating to Order 1000 Sponsor qualifications is to be submitted at or before the time such Order 1000 Sponsor(s) requests Order 1000 Cost Allocation.

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

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

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

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

- (i) developing, licensing, and constructing the Proposed Project for which Order 1000 Cost Allocation has been requested pursuant to section 10 of Appendix A of the PEFA in a timely and competent manner; and
- (ii) owning, operating, and maintaining the proposed Order 1000 Project facilities consistent with Good Utility Practice and applicable reliability criteria for the life of such proposed Order 1000 Project.

Such Order 1000 Sponsor is to be a TOPP at the time Order 1000 Cost Allocation is requested in accordance with section 10 of Appendix A of the PEFA for the proposed Order 1000 Project. The following factors are to be considered in determining such Order 1000 Sponsor's eligibility:

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

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

Such Order 1000 Sponsor is to be a TOPP or an ITP Proponent, as the case may be, at the time Order 1000 Cost Allocation is requested in accordance with section 10 of Appendix A of the PEFA for the proposed Order 1000 Project.

10.2 Opportunity for Voluntary Implementation of Plan of Service

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

10.3 Application of Order 1000 Cost Allocation Methodology

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

10.3.1 Order 1000 Project Costs. ColumbiaGrid is to project the costs of such Order 1000 Project. Such projection may be based on information provided by the Order 1000 Sponsor(s), the Study Team, and ColumbiaGrid. In developing such projection, ColumbiaGrid may also seek the input of others, including third-party experts. ColumbiaGrid is to document the basis for its projection and make supporting information available, to the extent practicable, consistent with any applicable CEII and confidentiality requirements.

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

10.3.2.1 Analytical Tools. Analytical tools used are to, as appropriate, include:

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

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

10.3.2.2 Calculation of Order 1000 Benefits. For purposes of calculating Order 1000 Benefits under item (i)a. of section 1.37 of the body of the PEFA,

(i) the avoided costs of deferred transmission facilities are to be the borrowing costs (*i.e.*, interest costs) projected to be avoided during the Planning Horizon as a result of the deferral of the capital investment of such deferred facilities (rather than the capital costs themselves of such facilities) plus the incremental operations and maintenance costs of such deferred facilities projected to be avoided during the Planning Horizon; and

(ii) the avoided costs of eliminated transmission facilities during the Planning Horizon are to be the portion of the projected avoided depreciation expense of such eliminated facilities that falls within the Planning Horizon plus the projected incremental operation and maintenance costs of such eliminated facilities avoided during the Planning Horizon (such projected avoided depreciation expense is to be determined using straight-line depreciation of the projected capital costs of such eliminated facilities over their depreciable lives).

For purposes of calculating Order 1000 Benefits under item (i)b.1. of section 1.37 of the body of the PEFA, the projected cost that the TOPP(s) would, but for the Order 1000 Project, have otherwise incurred is to be:

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

b. the projected incremental operation and maintenance costs of such transmission facilities avoided by such TOPP(s) during the Planning Horizon as a direct result of the Order 1000 Project.

For purposes of section 10.3.3 of Appendix A of the PEFA, the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s) are to be equal to the projected capital costs of the Order 1000 Project.

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

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

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

(i) the avoided costs of deferred transmission facilities are to be the borrowing costs (*i.e.*, interest costs) projected to be avoided during the Planning Horizon as a result of the deferral of the capital investment of such deferred facilities (rather than the capital costs themselves of such facilities) plus the incremental operations and maintenance costs of such deferred facilities projected to be avoided during the Planning Horizon; and

(ii) the avoided costs of eliminated transmission facilities during the Planning Horizon are to be the portion of the projected avoided depreciation expense of such eliminated facilities that falls within the Planning Horizon plus the projected incremental operation and maintenance costs of such eliminated facilities avoided during the Planning Horizon (such projected avoided depreciation expense is to be determined using straight-line depreciation of the projected capital costs of such eliminated facilities over their depreciable lives).

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

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

b. the projected incremental operation and maintenance costs of such transmission facilities avoided by such TOPP(s) during the Planning Horizon as a direct result of the Order 1000 Project.

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

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

10.3.3 Cost Allocation. For purposes of the Order 1000 Cost Allocation for an Order 1000 Project, ColumbiaGrid is to allocate the costs of such Order 1000 Project as follows.

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

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

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

| | | |
|--|---|---|
| Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) | = | The lesser of: (1) Such Order 1000 Beneficiary’s Order 1000 Benefits, or (2) the product of the projected costs of the Order 1000 Project x (such Order 1000 Beneficiary’s Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s))) |
|--|---|---|

10.3.3.2 ColumbiaGrid is to allocate to the Order 1000 Sponsor(s) in aggregate an amount of the projected costs of such Order 1000 Project equal to the amount, if any, by which the projected costs of such Order 1000 Project exceed the sum of the projected costs of such Order 1000 Project allocated pursuant to section 10.3.3.1 of Appendix A of the PEFA to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor.

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

| | | |
|---|---|---|
| The sum of the Order 1000 Cost Allocation(s) to the Order 1000 Beneficiary(ies) that is an Order 1000 Sponsor | = | The amount, if any, by which: (1) the projected costs of such Order 1000 Project exceed (2) the sum of the projected costs of such Order 1000 Project allocated to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor |
|---|---|---|

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

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

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

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

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

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|--|---|---|
| Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) for any Order 1000 Project that is not an ITP | = | The lesser of: (1) Such Order 1000 Beneficiary’s Order 1000 Benefits, or (2) the product of the projected costs of the Order 1000 Project x (such Order 1000 Beneficiary’s Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s))) |
|--|---|---|

| | | |
|--|---|--|
| Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) for any Order 1000 Project that | = | The lesser of: (1) Such Order 1000 Beneficiary’s Order 1000 Benefits, or (2) the product of the Assigned |
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| | | |
|-----------|--|---|
| is an ITP | | Regional Costs from Interregional Cost Allocation of such ITP x (such Order 1000 Beneficiary's Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s))) |
|-----------|--|---|

10.3.3.2 ColumbiaGrid is to allocate to the Order 1000 Sponsor(s) in aggregate an amount of the projected costs of such Order 1000 Project if such Order 1000 Project is not an ITP or, if such Order 1000 Project is an ITP, the Assigned Regional Costs from Interregional Cost Allocation of such ITP, equal to the amount, if any, by which such projected costs or Assigned Regional Costs from Interregional Cost Allocation of such Order 1000 Project exceed the sum of the projected costs of such Order 1000 Project allocated pursuant to section 10.3.3.1 of Appendix A of the PEFA to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor.

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

| | | |
|---|---|--|
| The Order 1000 Cost Allocation(s) to the Order 1000 Sponsor(s) in aggregate for any Order 1000 Project that is not an ITP | = | The amount, if any, by which: (1) the projected costs of such Order 1000 Project exceed (2) the sum of the projected costs of such Order 1000 Project allocated to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor(s) |
|---|---|--|

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

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

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

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

After the Staff has prepared its Preliminary Order 1000 Cost Allocation Report with respect to an Order 1000 Project, ColumbiaGrid is to allow additional time, if requested by one or more Affected Persons with respect to such Project, for such Affected Persons to reach agreement on Project implementation, including responsibility for the funding of such Project. If after such additional time, if any, such an agreement has not been reached, the Staff is to include such Preliminary Order 1000 Cost Allocation Report in the Draft Plan.

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

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

10.5 Board Approval of Order 1000 Cost Allocation

The Board is to review the Preliminary Order 1000 Cost Allocation Report, including the selection of a Proposed Project as an Order 1000 Project, as part of its adoption of the Biennial

Plan and, as set out in section 11.2 of Appendix A of the PEFA, the Board is to review the Draft Plan in an open, public process. If such Preliminary Order 1000 Cost Allocation Report is acceptable in its entirety, the Board is to approve and finalize such report as part of its adoption of the Biennial Plan, and the approved and finalized Order 1000 Cost Allocation Report is to be included in such Biennial Plan. Any report not approved by the Board may be remanded to the Staff which may, in cooperation with the Study Team, revise the Preliminary Order 1000 Cost Allocation Report and resubmit it to the Board; *provided that* the Board may modify a Preliminary Cost Allocation Report to the extent such modification is supported by the record.

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

The Board is to review the Preliminary Order 1000 Cost Allocation Report, including the selection of a Proposed Project as an Order 1000 Project, as part of its adoption of the Plan and, as set out in section 11.2 of Appendix A of the PEFA, the Board is to review the Draft Plan in an open, public process. If such Preliminary Order 1000 Cost Allocation Report is acceptable in its entirety, the Board is to approve and finalize such report as part of its adoption of the Plan, and the approved and finalized Order 1000 Cost Allocation Report is to be included in such Plan. Any report not approved by the Board may be remanded to the Staff which may, in cooperation with the Study Team, revise the Preliminary Order 1000 Cost Allocation Report and resubmit it to the Board; *provided that* the Board may modify a Preliminary Cost Allocation Report to the extent such modification is supported by the record.

11. Process for Adoption of Plans

11.1 Draft Plan

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

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

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

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

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

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

b. Recommended Requested Service Projects

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

2. “Staff-Recommended Requested [Service] Projects” (*see* PEFA Appendix A, section 11.1.1(i)b.2), including an analysis of how such Projects meet the underlying transmission service or interconnection requests and a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other Staff-recommended elements;

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

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

c. Capacity Increase Projects

1. Recommended Capacity Increase Projects, including an analysis of how any such Project that is proposed to address a Need(s)

addresses such Need and a verification that each Recommended Capacity Increase Project does not result in any unmitigated Material Adverse Impacts on any transmission system;

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

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

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

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

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

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

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

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

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

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

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise item (i)b.2. of this section 11.1.1 to read as follows:

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

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

- (ii) Order 1000 Projects and ITPs
 - a. A list of Interregional Transmission Projects;
 - b. A list of Order 1000 Projects;
 - c. A list of Proposed Project(s) for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A of the PEFA but which did not qualify and the deficiencies that precluded its selection as an Order 1000 Project; and
 - d. Preliminary Order 1000 Cost Allocation Reports for each Order 1000 Project;

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

11.2 Review Process

The Board is to review the Draft Plan in an open, public process. In doing so, the Board is to make available the “[D]raft Plan” (*see* PEFA Appendix A, section 11.2), study reports and electronic data files, subject to appropriate protection of Confidential Information and CEII to all Planning Parties and Interested Persons and provide the public an opportunity to supply information and provide written or oral comments to the Board. The Board may adopt additional procedures to carry out its review process.

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

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

11.3 Basis for Plan Adoption

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

11.4 Plan Adoption

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

11.4.1 Recommended Projects.

11.4.1.1 EOPs

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

11.4.1.1.2 Staff-Recommended EOPs. The Board is to review and may approve the following with respect to each Staff-Recommended EOP: the Staff determination that it meets its underlying Need Statement(s), its plan of service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff "did not select[]" (*see* PEFA Appendix A, section 11.4.1.1.2) any such alternative. Those elements that are not approved by the Board are to be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the second sentence of this section 11.4.1.1.2 to read as follows:

The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not select any such alternative.

11.4.1.2 Requested Service Projects

11.4.1.2.1 Recommended Requested Service Projects. The Board is to review and may approve the Study Team's determination that each Recommended Requested Service Project (i) serves its underlying transmission service or interconnection request and (ii) does not result in any unmitigated Material Adverse Impacts on any transmission

system; *provided that* no Recommended Requested Service Project is to be included in any Plan unless the requestor and all Affected Persons agree upon such Requested Service Project. If the Board determines that there are unmitigated Material Adverse Impacts, such Project is to be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

11.4.1.2.2 Staff-Recommended Requested Service Projects.

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

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

(i) with respect to Recommended Capacity Increase Projects, the Board is to review and may approve the Study Team's determination that such Capacity Increase Project (a) meets its underlying Need Statement(s) and (b) does not result in any unmitigated Material Adverse Impacts on any transmission system. If the Board determines that there are unmitigated Material Adverse Impacts resulting from such a Project on any transmission system, the Board is to note such Material Adverse Impacts in the Plan and such Project is to be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis or defer resolution of such Material Adverse Impacts to the WECC "regional" planning or path rating process; and

(ii) with respect to Staff-Recommended Capacity Increase Projects, the Board is to review and may approve the following with respect to each Staff-Recommended Capacity Increase Project: the Staff determination that it meets its underlying Need Statement(s), its plan of service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff "did not select[]" (*see* PEFA Appendix A, section 11.4.1.3) any such alternative. Those elements that are not approved by the Board are to be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the next to the last sentence of this section 11.4.1.3 to read as follows:

The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not select any such alternative.

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

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

(ii) with respect to Staff-Recommended Single System Projects, the Board is to review and may approve the following with respect to each Staff-Recommended Single System Project: the Staff determination that it meets its underlying Need Statement(s), its plan of service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff "did not select[]" (*see* PEFA Appendix A, section 11.4.1.4) any such alternative. Those elements that are not approved by the Board are to be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

Further, at such time as the Fourth Restatement becomes effective in accordance with section 17.1 thereof, this Attachment K will be amended to revise the next to the last sentence of this section 11.4.1.4 to read as follows:

The Board is to review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not select any such alternative.

11.4.1.5 Expanded Scope Projects. The Board is to review and may approve the Study Team's determination that there are no unmitigated Material Adverse Impacts resulting from each such Expanded Scope Project on any transmission system and, for Expanded Scope Projects that have an underlying EOP or Requested Service Project, the underlying EOP Need or request is still met with an equivalent or better service at no greater cost than it would have paid for the underlying Project. The Board is not to disapprove or modify Project elements associated with the Project expansion (developed by the Project's sponsor(s) or a Study Team). If the Board determines that there are unmitigated Material Adverse Impacts resulting from such a Project on any transmission system or that the underlying EOP Need or request is not met with

an equivalent or better service at no greater cost than it would have paid for the underlying Project, the Board is to remand such Project to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

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

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

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

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

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

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

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

11.4.5.2 Staff Recommendation. Staff, when it finds any of the following:

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

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

11.4.5.3 Board Consideration. In these situations, the Board is to consider the Staff recommendation and is to accept the recommendation or ask the Staff to reconsider its recommendation in light of additional factors that the Board may want included in the recommendation. No Project modification pursuant to section 11.4.5 of Appendix A of the PEFA is to be deemed to amend any Facilities Agreement, and any amendment to any Facilities Agreement is to be subject to and pursuant to the provisions of such Facilities Agreement for its amendment (and subject to the provisions of section 6.2 of the body of the PEFA).

12. ColumbiaGrid Non-Order 1000 Cost Allocation

Under the PEFA, ColumbiaGrid is to provide cost allocation recommendations pursuant to provisions of the PEFA other than section 10.3 of Appendix A of the PEFA (such as sections 5.4, 6.4, 8.4, or 9.4 of Appendix A of the PEFA), which facilitate the development of mutual agreement by parties on cost allocation. As discussed above, broad-based Study Teams are to be used extensively in the ColumbiaGrid processes, including the development of cost allocation

recommendations. Study Teams are intended to be the primary tool for participation by Planning Parties, Affected Persons, and Interested Persons, in the development of Projects defined and included in the Plan of ColumbiaGrid. Non-Order 1000 Cost Allocation recommendations by ColumbiaGrid under the PEFA with respect to certain types of Projects are discussed above and are summarized as set forth below in this section.

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

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

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

12.1 EOPs

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

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

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

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

ColumbiaGrid Board may also modify a recommendation by ColumbiaGrid Staff of cost allocation for the EOP to the extent such modification is supported by the record.

12.2 Requested Service Projects

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

12.3 Capacity Increase Project Cost Allocation

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

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

13. Order 1000 ITPs and Interregional Cost Allocation

Section 13 of Appendix A of the PEFA sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions. Nothing in section 13 of Appendix A of the PEFA will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

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

13.1 *This section left intentionally blank*

13.2 Annual Interregional Information Exchange

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

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

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

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

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

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

13.3 Annual Interregional Coordination Meeting

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

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

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

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

13.4 ITP Joint Evaluation Process

13.4.1 Submission Requirements

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

13.4.2 Joint Evaluation of an ITP

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

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

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

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect ColumbiaGrid's evaluation of the ITP;
- (b) is to provide stakeholders an opportunity to participate in ColumbiaGrid's activities under section 13.4.2 of Appendix A of the PEFA in accordance with its regional transmission planning process;

- (c) is to notify the other Relevant Planning Regions if ColumbiaGrid determines that the ITP will not meet any of its regional transmission needs; thereafter ColumbiaGrid has no obligation under section 13.4.2 of Appendix A of the PEFA to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of ColumbiaGrid's regional transmission needs.

13.5 Interregional Cost Allocation Process

13.5.1 Submission Requirements

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with section 13.4.1 of Appendix A of the PEFA, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from ColumbiaGrid and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

13.5.2 Interregional Cost Allocation Process

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

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

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

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect ColumbiaGrid's analysis;

- (b) is to provide stakeholders an opportunity to participate in ColumbiaGrid's activities under section 13.5.2 of Appendix A of the PEFA in accordance with its regional transmission planning process;
- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in ColumbiaGrid, ColumbiaGrid shall use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; ColumbiaGrid may use such information to identify its total share of the projected costs of the ITP to be assigned to ColumbiaGrid in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in ColumbiaGrid;
- (f) is to determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to section 13.5.2 of Appendix A of the PEFA in the same general time frame as its joint evaluation activities pursuant to section 13.4.2 of Appendix A of the PEFA.

13.6 Application of Regional Cost Allocation Methodology to Selected ITP

13.6.1 Selection by All Relevant Planning Regions

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

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

If ColumbiaGrid (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, ColumbiaGrid shall evaluate (or reevaluate, as the case may be) pursuant to sections 13.5.2(d), 13.5.2(e), and 13.5.2(f) of Appendix A of the PEFA whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many

times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

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

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

14.1 ITP Agreement

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

14.2 Submission for Joint Evaluation

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

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

ColumbiaGrid is to seek to confirm with each other Relevant Planning Region that such TOPP or ITP Proponent has submitted such ITP for evaluation into the regional transmission planning process of each other Relevant Planning Region in accordance with the regional transmission planning process of such Relevant Planning Region(s). In the event that ColumbiaGrid is unable to confirm that the TOPP or ITP Proponent has submitted its ITP for evaluation into the regional transmission planning process of each other Relevant Planning Region in accordance with the regional transmission planning process of such Relevant Planning Region(s), ColumbiaGrid is to notify the TOPP or ITP Proponent in writing, and the TOPP or ITP Proponent is to have 30 days from the date of such notice to provide ColumbiaGrid evidence, reasonably acceptable to ColumbiaGrid, that the TOPP or ITP Proponent has timely submitted its ITP for evaluation to each other Relevant Planning Region(s) as required by section 14.2 of Appendix A of the PEFA. If a TOPP or ITP Proponent fails to provide such evidence,

the TOPP's or ITP Proponent's ITP is to be deemed withdrawn and is not to be eligible for evaluation pursuant to section 13.4.2 of Appendix A of the PEFA.

Prior to commencing the joint evaluation of an ITP pursuant to section 13.4.2 of Appendix A of the PEFA, ColumbiaGrid is to require an ITP Proponent that is seeking such evaluation of an ITP to submit to ColumbiaGrid information in accordance with section 10.1.2.1(ii)b. of Appendix A of the PEFA, which, to the extent permitted by law, is to include a copy of all ITP data being submitted by the TOPP or an ITP Proponent to any of the other Relevant Planning Regions for such ITP. A TOPP seeking evaluation of an ITP pursuant to section 13.4.2 of Appendix A of the PEFA is to submit to ColumbiaGrid the information required by the last paragraph of section 14.2 of Appendix A of the PEFA.

14.3 Joint Evaluation Implementation

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

- (i) development of such ITP is to be through a Study Team; and
- (ii) evaluation of such ITP in the ColumbiaGrid regional transmission planning process for purposes of section 13.4.2 of Appendix A of the PEFA is to be through the development and evaluation of such ITP as a Proposed Project through the ColumbiaGrid regional planning process under the PEFA.

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

14.4 Interregional Cost Allocation Process

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

- (i) pursuant to item (c) of section 13.5.2 of Appendix A of the PEFA, determine the amount, if any, of Regional Benefits for Purposes of Interregional Cost Allocation resulting from such ITP;
- (ii) pursuant to section 13.5.2(ii) of Appendix A of the PEFA, notify each of the other Relevant Planning Regions with respect to such ITP of the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP so determined;
- (iii) pursuant to item (d) of section 13.5.2 of Appendix A of the PEFA, calculate ColumbiaGrid's assigned *pro rata* share of the projected costs of such ITP (such share also referred to as Assigned Regional Costs from Interregional Cost

Allocation), which share is to be equal to the product of the projected costs of such ITP multiplied by a fraction, the numerator of which is to be the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP determined pursuant to item (i) above and the denominator of which is to be the sum of (A) the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP determined pursuant to item (i) above and (B) the sum of the regional benefits of each other Relevant Planning Region as calculated with respect to such ITP by such other Relevant Planning Region in accordance with its regional transmission planning process and provided to ColumbiaGrid by such other Relevant Planning Region;

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

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

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

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

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

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

For each ITP that meets the requirements of sections 13.5.1 and 14.2 of Appendix A of the PEFA and for which Interregional Cost Allocation for such ITP has been timely requested by a TOPP or ITP Proponent pursuant to section 10.1 of Appendix A of the PEFA, ColumbiaGrid (if and so long as it is a Relevant Planning Region) is to determine, as required by section 13.5.2(f) of Appendix A of the PEFA, whether to select the ITP as an Order 1000 Project in accordance with section 10.1 of Appendix A of the PEFA, based on its regional transmission planning process and taking into account the Total Regional Costs from Interregional Cost Allocation.

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

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

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

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

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

13. Dispute Resolution

See Part X of this Attachment K below.

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

15. Dispute Resolution

14. Western Interconnection “Regional” and Western Interconnection “Sub-Regional” Economic Studies

See Part VII of this Attachment K below.

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

16. Western Interconnection “Regional” and Western Interconnection “Sub-Regional” Economic Studies

15. Western Interconnection “Sub-Regional” Planning Group Coordination

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

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

17. Western Interconnection “Sub-Regional” Planning Group Coordination

PART IV. WECC

1. Planning Coordination

WECC is to coordinate aspects of Western Interconnection planning as follows:

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

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

2. Economic Studies

Western Interconnection wide economic studies are to be conducted by a committee formed by WECC, TEPPC, in an open stakeholder process that holds region-wide stakeholder meetings on a regular basis. The TEPPC planning process is posted on the WECC website. Transmission Provider participates in the TEPPC planning processes, as appropriate, to help coordinate data and assumptions. TEPPC is to perform two primary functions in relation to Economic Studies in the Transmission Provider transmission planning process:

- (i) Development and maintenance of the west-wide economic planning study database.
 - a. TEPPC uses publicly available data to compile a database that can be used by a number of economic congestion study tools.
 - b. TEPPC’s database is publicly available for use in running economic congestion studies. For an interested transmission customer or stakeholder

to utilize WECC's Pro-Mod planning model, it must comply with WECC confidentiality requirements.

- (ii) Performance of economic studies. TEPPC has an annual study cycle in which it is to update databases, develop and approve a study plan that includes a number of high priority economic study requests as determined by the open TEPPC stakeholder process and perform studies and document the results in a report.

3. Additional Information

Additional information is provided on the ColumbiaGrid website (<http://www.columbiagrid.org/>). WECC planning coordination processes are further described in ColumbiaGrid's Policy Statement Regarding Planning—Coordinated, Open and Transparent Planning Processes for Single and Multiple Transmission Systems, which is available at <http://www.columbiagrid.org/AttachK-documents.cfm> (last accessed October 10, 2012). WECC TEPPC's Transmission Planning Protocol is available on the ColumbiaGrid website at <http://www.columbiagrid.org/client/TEPPC-Planning-Protocol.pdf> (last accessed October 10, 2012). *See also* www.wecc.biz and, specifically, http://www.wecc.biz/committees/BOD/TEPPC/External/TEPPC_PlanningProtocol.pdf (last accessed October 10, 2012).

PART V. PSE PLAN

1. Development and Update of PSE Plan

Transmission Provider will pursuant to this Attachment K develop and update annually a ten year plan for Transmission Provider's Transmission System ("PSE Plan"). The PSE Plan will identify new transmission facilities and facility replacements or upgrades planned by Transmission Provider for its Transmission System over the ensuing ten years.

2. PSE Plan Availability

The main body of the PSE Plan will be made publicly available and posted on Transmission Provider's OASIS website. However, CEII may be included in an appendix to the PSE Plan, and disclosure of any such CEII by Transmission Provider shall be subject to the provisions of Part IX of this Attachment K below.

3. Reliability Studies

Transmission Provider will perform or cause to be performed reliability studies with respect to Transmission Provider's Transmission System to assess whether applicable NERC, WECC, and local reliability standards (e.g., NERC Reliability Standards TPL-001 through TPL-004) are met for the ten year planning horizon.

4. Planning Study Methodology

The PSE Plan will be based on seasonal reliability studies that include load flow, short circuit, and stability analyses. The primary data source for the analyses will be WECC base case data. Base case software analysis will be performed using software commonly accepted in the industry. As of September 2007, such software included, for example, PowerWorld and PSS/E.

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

PSE will evaluate and select from among alternative proposed solutions using factors that include the following, as appropriate:

- (i) degree of development of proposed solution;
- (ii) feasibility;
- (iii) coordination with any affected Transmission System;
- (iv) economics;

- (v) effectiveness of performance;
- (vi) satisfaction of identified local transmission need(s), including those driven by Public Policy Requirements;
- (vii) satisfaction of Need(s), including the extent to which the proposed solution satisfies multiple Needs;
- (viii) consistency with applicable state, regional, and federal planning standards, requirements, and regulations;
- (ix) consistency with NERC reliability standards; and
- (x) consistency with such additional criteria as are then accepted or developed by PSE.

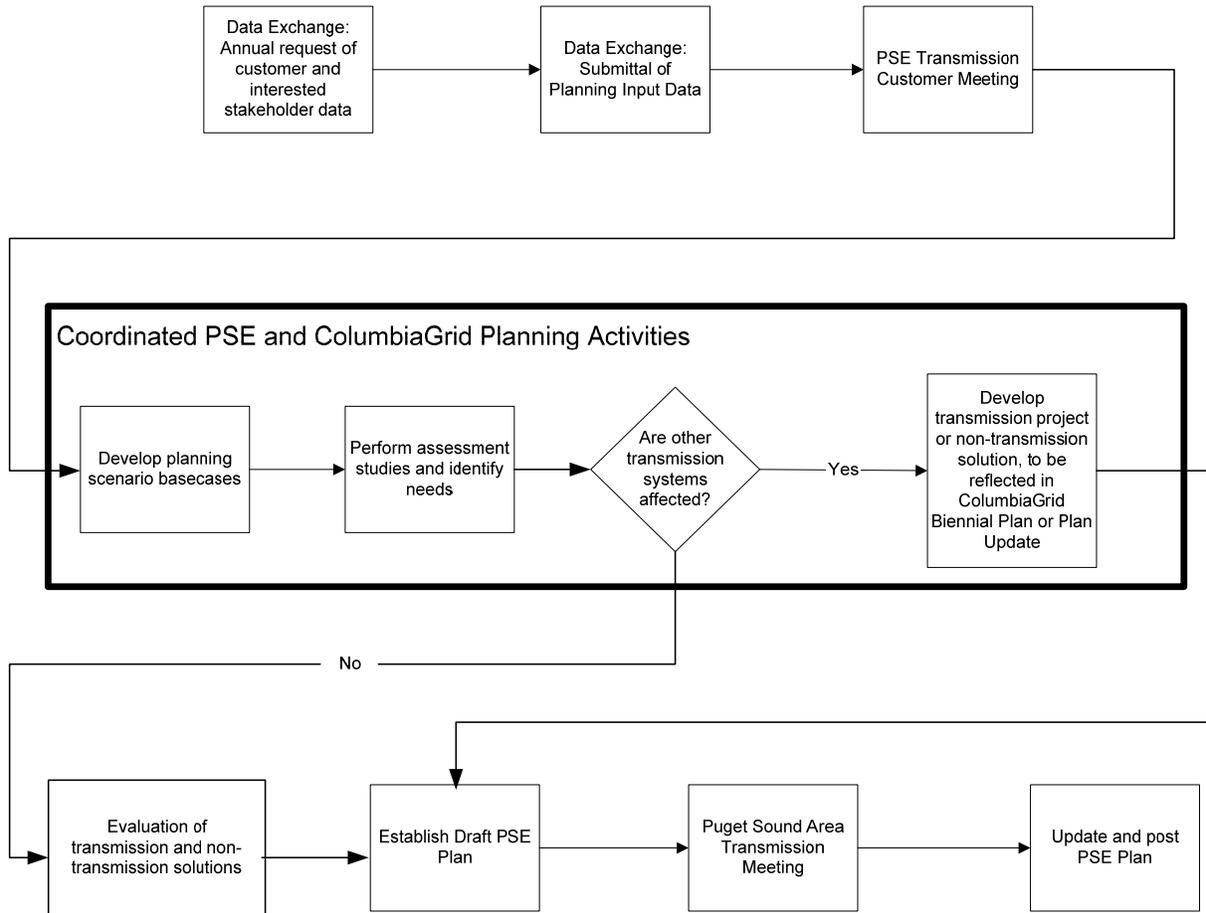
No single factor is to necessarily be determinative in evaluating proposed solutions.

Additional information regarding Transmission Provider's planning study methodology and guidelines will be posted from time to time on Transmission Provider's OASIS.

5. PSE Plan Development Flow Chart

A generalized flow chart diagramming the major steps in the development of the PSE Plan and its relationship to the ColumbiaGrid planning process is set forth below (except see item 6 below with respect to development of the initial PSE Plan). Inasmuch as the ColumbiaGrid planning process is described in detail above, such process is not presented in detail in the flow chart. Although the flow chart activities are depicted sequentially, a number of the activities by PSE and ColumbiaGrid will be performed concurrently and incorporate feedback from the various ongoing processes.

PSE Plan Development Flow Chart



6. Initial PSE Plan

The initial PSE Plan will be developed and posted in the last quarter of 2008. Accordingly, the initial PSE Plan may precede ColumbiaGrid's completion of its first Biennial Plan.

7. Attachment K Planning Costs

The Transmission Provider will not provide reimbursement of any costs incurred by other entities or persons participating in the planning processes under this Attachment K. Except as may be otherwise provided in this Attachment K, the Transmission Provider's costs of the Attachment K process, including Transmission Provider's share of the ColumbiaGrid planning costs, will be subject to recovery in Transmission Provider's rates. The PEFA provides a formula for allocating ColumbiaGrid planning process costs among Planning Parties.

PART VI.

TRANSMISSION PROVIDER OPEN PUBLIC MEETINGS

1. Purpose and Scope

As described above, Transmission Provider will participate in regional planning through its participation in ColumbiaGrid study teams and planning activities. As also described above, ColumbiaGrid is to hold public meetings and provide opportunities for involvement in its study teams during its plan development.

In addition, Transmission Provider will hold at least two open public Attachment K transmission planning meetings a year that are intended to provide for participation in Transmission Provider's planning process by Transmission Provider's existing and prospective customers and stakeholders. Participants may propose for consideration local transmission needs driven by Public Policy Requirements and transmission, generation, and demand response resource projects. Such meetings are intended to (i) allow Transmission Provider to better understand its customers' forecasts; (ii) offer existing and prospective customers and interested stakeholders an opportunity to be informed about, and offer input and advice into, the Transmission Provider transmission planning process, as well as to propose alternatives for any upgrades identified by Transmission Provider; (iii) review study results; and (iv) review transmission planning. Such meetings will include at least the following two meetings each calendar year:

PSE Transmission Customer Meeting -- At least one such meeting each calendar year will be a "PSE Transmission Customer Meeting" that is open to all interested stakeholders, including existing and prospective Transmission Provider transmission (or interconnection) customers. Participants in the PSE Transmission Customer Meeting may propose for consideration local transmission needs driven by Public Policy Requirements and transmission, generation, and demand response resource projects. This PSE Transmission Customer Meeting is anticipated to be held in conjunction with any PSE Network Operating Committee meeting. The PSE Transmission Customer Meeting is intended to provide a forum for discussion of (i) Data provided or to be provided pursuant to Part IX of this Attachment K, (ii) assumptions and methodologies for Transmission Provider planning studies, (iii) status of Transmission Provider's transmission projects and plans, and (iv) other Transmission Provider transmission planning topics of interest to the attendees

Puget Sound Area Transmission Meeting -- At least one such meeting each calendar year will be a "Puget Sound Area Transmission Meeting" that is open to all interested stakeholders, including transmission providers in the Puget Sound area, their existing and prospective transmission (or interconnection) customers. Participants in the Puget Sound Area Transmission Meeting may propose for consideration local transmission needs driven by Public Policy Requirements and transmission, generation, and demand response resource projects. This Puget Sound Area Transmission Meeting is anticipated to be held individually or, more likely, in conjunction with other Puget Sound area transmission providers or in

conjunction with ColumbiaGrid. The Puget Sound Area Transmission Meeting is intended to provide a forum for (i) coordination of study assumptions and methodologies and draft transmission plans for transmission systems in the Puget Sound area, (ii) discussion and input regarding requested Economic Studies, and (iii) discussion of other Puget Sound area transmission planning topics of interest to the attendees, such as the transmission planning effects of proposals for transmission, generation, and demand response resource projects. A draft PSE Plan will be posted on Transmission Provider's OASIS prior to the Puget Sound Area Transmission Meeting.

2. PSE Public Planning Meeting Process

Meeting notices, including date, time, place, proposed meeting agenda and meeting contact for further information will be posted on Transmission Provider's OASIS and ColumbiaGrid website at least 15 days prior to the meeting. Transmission Provider will establish its meeting schedule as needed, but such schedule shall include at least one PSE Transmission Customer Meeting and at least one Puget Sound Area Transmission Meeting each year. As discussed above, Transmission Provider anticipates that much of its local transmission planning activity will be conducted and coordinated through its participation in ColumbiaGrid.

Any interested Transmission Provider customer or interested stakeholder wanting to be included on Transmission Provider's email distribution list to receive notice of the PSE Transmission Customer Meeting and Puget Sound Area Transmission Meeting is to submit (and update as necessary) its information to the Transmission Provider Point of Contact at transmaster@pse.com identified on Transmission Provider's OASIS in order to be included in the distribution list for meeting notices.

Transmission Provider customers and interested stakeholders are encouraged to provide input, comments, advice and questions into the process electronically by sending email to transmaster@pse.com.

All public transmission planning meetings will be open, subject to CEII and confidentiality restrictions, to all existing and prospective Transmission Provider customers and interested stakeholders. Only public information will be shared, and public business conducted, in open public meeting portions of the PSE Transmission Customer Meeting and the Puget Sound Area Transmission Meeting.

PART VII. ECONOMIC STUDIES

1. General

As described below, Transmission Provider (or ColumbiaGrid or WECC) will perform Economic Studies that are requested and that are selected for study under the procedures described below. Results of Economic Studies may be considered in the development of any PSE Plan.

2. Requests for Economic Studies

Transmission customers or interested stakeholders may submit requests for Economic Studies to Transmission Provider. (In addition, Transmission Provider may submit such requests.) All requests submitted to Transmission Provider should be forwarded to transmaster@pse.com. Transmission Provider will post each request for an Economic Study (and Transmission Provider's response to such request, developed as described below) on Transmission Provider's OASIS, and each such posting will be maintained for a period of not less than five (5) years. All Economic Studies so requested by October 31, 2008 will be considered for performance in 2009. All Economic Studies so requested after October 31, 2008, but during subsequent periods November 1 through October 31 will be considered for performance in the following calendar year.

Within three (3) months of each October 31, commencing October 31, 2008, Transmission Provider will hold or cause to be held a public meeting to review each request that has been submitted pursuant to the preceding paragraph by such October 31 for an Economic Study and to provide and receive from interested stakeholders input on such requests. Such input may include consideration of (i) the breadth of interest in, and support for, the requested Economic Studies; (ii) the feasibility of the requested Economic Studies; and (iii) the relationship between the requested Economic Studies and potential (a) congestion relief or (b) integration on an aggregated or Western Interconnection wide (or Western Interconnection "sub-regional") basis of new resources or new loads. (It is currently anticipated that such meeting would be held in conjunction with a ColumbiaGrid meeting or a Puget Sound Transmission Meeting.) Transmission Provider will endeavor to coordinate the timing of its Economic Study request reviews with any TEPPC and ColumbiaGrid Economic Study processes.

After consideration of such review and input, Transmission Provider will determine

- (i) whether, and to what extent, the requested Economic Study should be clustered or batched with similar requests;
- (ii) whether the requested Economic Study should be considered a high priority; and
- (iii) whether the requested Economic Study would constitute a Local Economic Study. Any requested Economic Study that is determined to not be a Local Economic Study will be forwarded to ColumbiaGrid or

TEPPC for their consideration of such request for inclusion in their respective lists of requests for economic studies.

3. Performance of Economic Studies

Up to three (3) requested Economic Studies (including Local Economic Studies), provided they are determined by the Transmission Provider to be of high priority, will be performed annually without direct assessment of the costs thereof to the requestors. Economic Studies involving production cost modeling (e.g., using PROMOD) would only be performed by a Western Interconnection “sub-regional” or Western Interconnection wide entity (such as WECC). The costs (or Transmission Provider’s allocated share of the costs) of such high priority Economic Studies (including any such studies that are requested, high priority Economic Studies performed by Transmission Provider) that, pursuant to the foregoing are performed without direct assessment of costs to the requestors, will be recovered through Transmission Provider’s transmission rates (including, for example, recovery in rates of Transmission Provider payments to ColumbiaGrid or WECC).

Any additional requested, high priority Economic Studies and any requested Economic Studies not determined to be high priority will only be performed at the expense of the requestor; such performance may be accomplished by Transmission Provider assisting the requestor and requestor’s third party contractor.

Transmission Provider will endeavor to perform Local Economic Studies that it performs pursuant to this Attachment K in a manner that is open and coordinated with interested stakeholders and will include appropriate sensitivity analysis. In performing any Local Economic Study, Transmission Provider may reflect the estimated cost of non-transmission mitigation options provided by the requestor of the Local Economic Study; provided, that if Transmission Provider determines that such data provided by the requestor should not be relied upon for purposes of the Local Economic Study, such Local Economic Study need be performed only to the extent reasonable in light of such determination of unreliability.

A summary of the results of each Economic Study performed by Transmission Provider will be posted on its OASIS.

4. Coordination of Economic Planning Studies

4.1 As described in the Economic Planning Studies section of ColumbiaGrid’s Policy Statement Regarding Planning—Coordinated, Open and Transparent Planning Processes for Single and Multiple Transmission Systems, available at <http://www.columbiagrid.org/AttachK-documents.cfm>, if a Planning Party forwards to ColumbiaGrid a request for an economic planning study that requires production cost modeling, ColumbiaGrid may forward the request to WECC. ColumbiaGrid will consider these requests during the last scheduled planning meeting of the year (typically held in November or December). The notification for this meeting will be posted on the ColumbiaGrid Website and widely distributed via e-mails. The agenda for this meeting will clearly state if an economic planning study request will be under consideration. The participants at the meeting may provide or receive input on any requested studies. Such input may include, without limitation, consideration of (i) the breadth of interest in, and support

for, the requested economic planning study; (ii) the feasibility of the requested economic planning study; (iii) the relationship between the requested economic planning study and potential (a) congestion relief or (b) integration on an aggregated or Western Interconnection wide (or Western Interconnection “sub-regional”) basis of new resources or new loads. If the consensus of the participants at that meeting determines that any such request (or any request developed during any such meeting) has sufficient merit to be forwarded to WECC, ColumbiaGrid will submit the study request to WECC during the economic planning study request window, which is between November 1st and January 31st of each year. The TEPPC process and criteria for prioritization of economic planning studies are set forth in section 5 of the TEPPC Planning Protocol located on the ColumbiaGrid Website under the Planning and Expansion program under the Attachment K link at <http://www.columbiagrid.org>.¹ ColumbiaGrid is a member of TEPPC and is to participate in TEPPC processes.

4.2 ColumbiaGrid will treat requests received from a Planning Party for economic planning studies, not referred to WECC, as Capacity Increase Projects. Such requests will be processed pursuant to the provisions that govern Capacity Increase Projects of this Attachment K and the PEFA. The PEFA describes the process that ColumbiaGrid would use to form a Study Team. If a Study Team is formed to perform the economic planning study associated with the Capacity Increase Project, the Planning Party that submitted the economic planning study request will be deemed the Capacity Increase Project sponsoring party and is to assume primary responsibility for leading and performing necessary analytical work.

5. Effect of Economic Studies

The performance or results of any Economic Study shall not obligate Transmission Provider to perform any upgrade or modification of its Transmission System or dictate whether investment in any such upgrade or modification is required to be performed.

¹ More specifically, see <http://www.columbiagrid.org/client/TEPPC-Planning-Protocol.pdf> (last accessed October 10, 2012). *See also* www.wecc.biz and, specifically, http://www.wecc.biz/committees/BOD/TEPPC/External/TEPPC_PlaningProtocol.pdf (last accessed October 10, 2012).

PART VIII. ENHANCED RELIABILITY UPGRADES

This Part VIII provides the procedures by which transmission customers may request and obtain the installation of Enhanced Reliability Upgrades, including the cost allocation methodology for Enhanced Reliability Upgrades. This Part VIII of this Attachment K shall not in any event extend to any service or facilities that Transmission Provider is otherwise obligated to provide, including without limitation service to Native Load Customers.

Any one or more Eligible Customers (including transmission customers under the Tariff) may request pursuant to Part VII of this Attachment K an Economic Study with respect to a potential Enhanced Reliability Upgrade. If Transmission Provider determines that such requested Economic Study is a Local Economic Study and such Local Economic Study is performed, one or more transmission customers under the Tariff (including Eligible Customers that have become Transmission Provider's transmission customers for Network Integration Transmission Service or Point-to-Point Transmission Service) may upon conclusion of such Local Economic study request the installation of such Enhanced Reliability Upgrade by written request to Transmission Provider. Upon receipt of such request, Transmission Provider shall tender to the requesting transmission customer(s) ("Requesting Transmission Customer(s)") a form of Service Agreement. Such form of Service Agreement shall include provisions for the installation of such Enhanced Reliability Upgrade by Transmission Provider and the payment by Requesting Transmission Customer(s) of the costs of such Enhanced Reliability Upgrade. Each such Service Agreement, if and when fully executed, will be submitted to the Commission for filing.

The costs of such Enhanced Reliability Upgrade shall be directly assigned to Requesting Transmission Customer(s) without the provision of transmission credits or other means of reimbursement from the Transmission Provider for such costs so directly assigned (for purposes of this Part VIII, "direct assignment costs"). Pursuant to the Service Agreement, the Requesting Transmission Customer(s) shall pay the estimated costs of the Enhanced Reliability Upgrade as costs are incurred and will be subject to a true-up to the actual costs of the Enhanced Reliability Upgrade.

If there is more than one Requesting Transmission Customer, then the direct assignment costs for such Enhanced Reliability Upgrade(s) shall be allocated to Requesting Transmission Customer(s) in equal shares, unless Requesting Transmission Customer(s) agree in writing to a different cost allocation methodology prior to Transmission Provider's tender of the above-described form of Service Agreement.

The installation of any Enhanced Reliability Upgrade pursuant to this Part VIII shall constitute service under this Attachment K. The Requesting Transmission Customer(s) shall be subject to credit review and providing security or collateral for payment of direct assignment costs of such Enhanced Reliability Upgrade consistent with Attachment L of the Tariff.

Transmission Provider shall not be obligated to commence design, construction, or other installation of any Enhanced Reliability Upgrade(s) unless and until

- (i) binding Service Agreement(s) with all Requesting Transmission Customer(s) for installation of such Enhanced Reliability Upgrade(s) and payment by the Requesting Transmission Customer(s) of direct assignment costs are fully executed by the Transmission Provider and all of the Requesting Transmission Customer(s), and
- (ii) all of the Requesting Transmission Customer(s) provide the Transmission Provider security or collateral for payment of direct assignment costs of such Enhanced Reliability Upgrade consistent with Attachment L of the Tariff, for the full costs of the design and construction.

Furthermore, the Transmission Provider shall not be obligated to commence design, construction, or other installation of any Enhanced Reliability Upgrade, or to continue such design, construction, or other installation, if all necessary regulatory permits and approvals are not obtained or maintained. Transmission Provider shall make a good faith effort to obtain and maintain all such permits and approvals. The costs associated with obtaining and maintaining such regulatory permits and approvals shall be included in the total direct assignment costs of the Enhanced Reliability Upgrade and shall be borne by the Requesting Transmission Customer(s).

No Requesting Transmission Customer shall receive any ownership interest in Transmission Provider's Transmission System by reason of or as a result of any Enhanced Reliability Upgrade. No Enhanced Reliability Upgrade shall result in (i) an increase in the firm or non-firm transmission service rights of any Requesting Transmission Customer, or (ii) a change in the Curtailment priority or rights or obligations of any Requesting Transmission Customer, or (iii) any Requesting Transmission Customer having any ownership interest in Transmission Provider's Transmission System. Nothing in this Part VIII shall preclude any Eligible Customer from requesting or receiving Point-to-Point Transmission Service pursuant to Part II of this Attachment K or Network Integration Transmission Service pursuant to Part III of this Attachment K.

PART IX.
SUBMISSION OF, ACCESS TO, AND USE OF DATA

1. NERC Data to be Provided to Transmission Provider

1.1 Each NERC Entity shall use reasonable efforts to provide to Transmission Provider all Planning Input Data required by any NERC Standard to be provided to Transmission Provider (or any other entity) by such NERC Entity. In addition, any Planning Input Data provided by any NERC Entity to WECC (or any other entity) pursuant to any NERC Standard and rightfully obtained by Transmission Provider shall be deemed provided by such NERC Entity to Transmission Provider pursuant to this section 1; provided, that nothing in this Attachment K shall excuse Transmission Provider from, or obligate Transmission Provider to act contrary to, any restrictions on use or disclosure of such Planning Input Data imposed by WECC on Transmission Provider as a condition of Transmission Provider's obtaining such Planning Input Data. All data to be provided or deemed to be provided pursuant to this section 1 shall constitute NERC Data.

1.2 As reasonably requested by Transmission Provider, each Additional Entity shall use reasonable efforts to provide to Transmission Provider Planning Input Data that such Additional Entity would be required to provide by any NERC Standard if such Additional Entity met the criteria then used to determine if an entity falling within a Functional Type is required by such NERC Standard to provide Planning Input Data. In addition, any Planning Input Data provided by any Additional Entity pursuant to any NERC Standard to any other entity and rightfully obtained by Transmission Provider shall be deemed to be provided by such Additional Entity to Transmission Provider pursuant to this section 1. All data to be provided or deemed to be provided pursuant to this section 1 shall constitute NERC Data.

1.3 No access by Transmission Provider to or receipt by Transmission Provider of NERC Data from WECC shall excuse any NERC Entity or Additional Entity from any obligation to provide to Transmission Provider any NERC Data pursuant to this section 1.

2. Additional Planning Input Data to be Provided to Transmission Provider

2.1 Each Network Customer shall use reasonable efforts to provide to Transmission Provider the following Planning Input Data:

- (i) forecast information for load and resource requirements over the planning horizon;
- (ii) identification of demand response reductions; and
- (iii) any other data reasonably requested by Transmission Provider from such Network Customer in connection with planning activities pursuant to this Attachment K

("Network Service Data"). Any Network Service Data to be provided by a Network Customer pursuant to this Part IX.2.1 is in addition to and does not substitute for any NERC Data such

Network Customer is otherwise required pursuant to this Attachment K to provide to the Transmission Provider.

2.2 Any Point-to-Point Customer and any entity that receives Grandfathered Transmission Service from the Transmission Provider shall use reasonable efforts to provide to Transmission Provider the following Planning Input Data:

- (i) projections of need for Point-to-Point Transmission Service or other transmission service over the planning horizon, including transmission capacity, duration, and receipt and delivery points;
- (ii) planned additions or upgrades (including status and expected in-service date), planned retirements and environmental or other operating restrictions with respect to each of such customer's or entity's generating resource interconnected with the Transmission Provider's Transmission System; and
- (iii) any other data reasonably requested by Transmission Provider from such Point-to-Point Transmission Customer or customer in connection with planning activities pursuant to this Attachment K

(“Transmission Service Data”). Any Transmission Service Data to be provided by a Point-to-Point Customer or customer pursuant to this Part IX.2.2 is in addition to and does not substitute for any NERC Data such Point-to-Point Customer or customer is otherwise required pursuant to this Attachment K to provide to the Transmission Provider.

2.3 Any Person may provide to Transmission Provider the following Planning Input Data with respect to any demand response resource:

- (i) existing and planned demand resources and their impacts on demand and peak demand; and
- (ii) any other data reasonably requested from such Person by Transmission Provider in connection with planning activities pursuant to this Attachment K

(“Demand Response Resource Data”). Any Demand Response Resource Data to be provided by any Person is in addition to and does not substitute for any NERC Data such Person is otherwise required to provide to the Transmission Provider.

3. Use of Planning Input Data

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

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

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

4. Planning Input Data Confidentiality

All Planning Input Data shall be provided (or deemed provided) without any confidentiality restrictions; provided, that nothing in this Part IX shall excuse Transmission Provider from any restrictions on use or disclosure of Planning Input Data imposed on Transmission Provider by WECC as a condition of Transmission Provider's obtaining such Planning Input Data.

Nothing in this Part IX shall excuse any entity from any obligation imposed on it pursuant to Commission Order No. 890 to restrict disclosure of CEII.

5. Schedule and Mechanism for Providing Planning Input Data to Transmission Provider

5.1 Schedule for Providing Planning Input Data to Transmission Provider

5.1.1 Each existing or prospective Network Customer shall use reasonable efforts to submit its Network Service Data to Transmission Provider on or before October 31 of each calendar year.

5.1.2 Each existing or prospective Point-to-Point Customer or any entity that receives Grandfathered Transmission Service shall use reasonable efforts to submit its Transmission Service Data to Transmission Provider on or before October 31 of each calendar year.

5.1.3 Each NERC Entity shall use reasonable efforts to submit its NERC Data to Transmission Provider on or before October 31 of each calendar year.

5.1.4 Each Additional Entity shall use reasonable efforts to submit its NERC Data, as requested by Transmission Provider, to Transmission Provider on or before October 31 of each calendar year.

5.1.5 Each transmission customer or interested stakeholder that wishes to submit Demand Resource Service Data to Transmission Provider shall do so on or before October 31 of each calendar year.

5.1.6 Each Transmission Customer or interested stakeholder shall timely submit written notice of material changes in any of its information previously provided related to its load, its resources, or other aspects of its facilities or operations affecting Transmission Provider's ability to provide service. In addition, each Transmission Customer or interested stakeholder shall timely submit additional data reasonably requested from time to time by Transmission Provider in connection with planning activities pursuant to this Attachment K.

5.2. Mechanism for Providing Planning Input Data to Transmission Provider

Each Transmission Customer or interested stakeholder shall submit its Data specified in Part IX, section 5.1 of this Attachment K above by forwarding such data electronically to transmaster@pse.com.

6. Access to Study Reports and Replication Data from Transmission Provider

Transmission Provider will post a list of the names of planning studies it has performed pursuant to this Attachment K that underlie the PSE Plan and maintain such names on such list for a period of not less than five (5) years. Transmission Provider will make available the final report for any such study to any Transmission Customer or interested stakeholder upon receipt therefrom by Transmission Provider of written request for such final report during a period of not less than five (5) years following completion of such final report. Also, Transmission Provider will make available the Replication Data for any planning study performed by Transmission Provider pursuant to this Attachment K that underlie the PSE Plan to any Transmission Customer or interested stakeholder upon receipt therefrom by Transmission Provider of written request for such Replication Data during a period of not less than five (5) years following completion of such final report.

Access and use by any Person (such as a Transmission Customer or interested stakeholder) to any planning study performed by Transmission Provider pursuant to this Attachment K or to any Replication Data shall be subject to CEII restrictions and any confidentiality or other restrictions on access or use reasonably imposed by Transmission Provider. Further, such access by such entities to such data that Transmission Provider has received from any other entity may be subject to any restrictions on access to such data imposed by such entity. For example, any access to data such as Replication Data that constitutes WECC base case data by any entity such as a Transmission Customer or interested stakeholder is subject to any restrictions on access to data imposed by WECC.

However, access to any report of any study (and basic criteria, assumptions and data necessary to replicate the results of such study) performed by or through ColumbiaGrid or any Study Team shall be as provided by ColumbiaGrid.

7. Use of Replication Data Received From Transmission Provider

Any Transmission Customer or interested stakeholder that receives any Replication Data from Transmission Provider shall use such Replication Data only for the purpose of evaluating the results of Transmission Provider's planning studies performed pursuant to this Attachment K that underlie the PSE Plan.

8. Critical Energy Infrastructure Information

Pursuant to Commission Order No. 890, a Transmission Provider may restrict disclosure of CEII required to be disclosed by Order No. 890.

Except as otherwise set forth in section 4 of Transmission Provider's Tariff or in Transmission Provider's Open Access Same-Time Information System, a requester may request CEII required to be disclosed by Order No. 890 from Transmission Provider using the procedures set forth below. As used in these procedures, CEII has the meaning given to such term by the Commission in 18 C.F.R. 388.113, as such term may be amended from time to time.

- (i) A requester shall file a signed, written request, in accordance with the CEII procedures posted on Transmission Provider's OASIS, with Transmission Provider at the following address:

Puget Sound Energy, Inc.
355 110th Avenue NE, EST-06E
P.O. Box 97034 EST-06E
Bellevue WA 98009-9734
Attn: Manager, Transmission Contracts--CEII Request
- (ii) Requests for CEII will be considered to be received upon actual receipt by Transmission Provider.
- (iii) Transmission Provider will make a determination of whether it considers the requested information to be CEII and whether to comply with the request or deny the request in whole or in part.
- (iv) Transmission Provider will endeavor to notify the requester within twenty (20) working days after Transmission Provider's receipt of the request for CEII of its determination.
- (v) If Transmission Provider determines that the requester is eligible to and should receive the requested CEII, Transmission Provider will determine what conditions, if any, to place on release of the CEII and may forward a form of CEII Non-Disclosure Agreement (NDA) to the requester for execution. Such conditions may include, for example, (i) Transmission Provider's marking documents or files as "CEII" if Transmission Provider determines that such documents or file may contain CEII and (ii) Transmission Provider's receipt of any required NDA executed by requester with respect to such CEII.

- (vi) Nothing in this Part IX shall excuse Transmission Provider from providing access to requester to CEII pursuant to a specific order by the Commission to provide such access to such CEII to requester following denial pursuant to these procedures by Transmission Provider of access by such requester to such CEII.

9. WECC Proprietary Data

Transmission Provider's transmission planning studies may include base case data (or other data) that are WECC proprietary data. An entity or person must hold membership in or execute a non-disclosure agreement with WECC (<http://www.wecc.biz>) and follow the procedures set forth below in Part IX, section 10 of this Attachment K to obtain WECC proprietary data, such as base case data, from Transmission Provider.

10. PSE Proprietary Information

A requester may request PSE Proprietary Information required to be disclosed by Order No. 890 from Transmission Provider using the procedures set forth below.

- (i) A requester shall file a signed, written request, in accordance with the PSE Proprietary Information procedures posted on Transmission Provider's OASIS, with Transmission Provider at the following address:

Puget Sound Energy, Inc.
355 110th Avenue NE, EST-06E
P.O. Box 97034 EST-06E
Bellevue WA 98009-9734
Attn: Manager, Transmission Contracts--PSE Proprietary
Information

- (ii) Requests for PSE Proprietary Information will be considered to be received upon actual receipt by Transmission Provider.
- (iii) Transmission Provider will promptly make a determination of whether it considers the requested information to be PSE Proprietary Information (and whether Transmission Provider considers the requested information to be WECC proprietary data) and whether to comply with the request or deny the request in whole or in part.
- (iv) Transmission Provider will notify the requester promptly after Transmission Provider's receipt of the request for PSE Proprietary Information of its determination.
- (v) If Transmission Provider determines that the requester is eligible to and should receive the requested PSE Proprietary Information, Transmission Provider will determine what conditions, if any, to place on release of the PSE Proprietary Information and may forward a form of PSE Proprietary Information Non-Disclosure Agreement (NDA) to the requester for

execution. Such conditions may include, for example, (i) Transmission Provider's marking documents or files as "PSE Proprietary Information" if Transmission Provider determines that such documents or file may contain PSE Proprietary Information, (ii) Transmission Provider's receipt of any required NDA executed by requester with respect to such PSE Proprietary Information, and (iii) with respect to WECC proprietary data, receipt of verification that the requester is a member of WECC or has executed a non-disclosure agreement with WECC to obtain WECC proprietary data.

- (vi) Nothing in this Part IX shall excuse Transmission Provider from providing access to requester to PSE Proprietary Information pursuant to a specific order by the Commission to provide such access to such PSE Proprietary Information to requester following denial pursuant to these procedures by Transmission Provider of access by such requester to such PSE Proprietary Information.

PART X.
DISPUTE RESOLUTION

Disputes among PEFA Parties within the scope of the arbitration provisions of section 16.1 of the PEFA shall be addressed through the provisions of that section. However, nothing in this Attachment K restricts the rights of any person to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

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

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

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

APPENDIX A DEFINITIONS

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

A.1 “Additional Entity” means at any time each entity that is not a NERC Entity but that has facilities (i) that are then located in Transmission Provider’s Balancing Authority Area or are interconnected with Transmission Provider’s Transmission System and (ii) that then fall within a Functional Type.

A.2 “Affected Persons” with respect to a Project or Proposed Project means those Planning Parties and Persons that would bear Material Adverse Impacts from such Project or Proposed Project or are otherwise materially affected thereby.

A.3 “Biennial Plan” means each biennial transmission plan adopted by the Board pursuant to section 2 of the body of the PEFA. A “Draft Biennial Plan” refers to a draft of a Biennial Plan presented by Staff to the Board for adoption pursuant to section 2 of the body of the PEFA but not yet adopted by the Board.

A.4 “Board of Directors” or “Board” means the Board of Directors of ColumbiaGrid.

A.5 “Bylaws” means the then current bylaws of ColumbiaGrid.

A.6 “Capacity Increase Project” means a voluntary modification of the Regional Interconnected Systems:

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

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

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

A “Proposed Capacity Increase Project” means a proposal for a Capacity Increase Project at such time as it is being discussed in the transmission planning process, whether that be for purposes of identifying unmitigated Material Adverse Impacts of such Project or for purposes of developing the Project under section 8 Appendix A of the PEFA; a “Recommended Capacity Increase Project” means a recommendation, developed by the agreement of Affected Persons pursuant to section 8 of Appendix A of the PEFA, for a Capacity Increase Project that is included as such in a Draft Biennial Plan or Draft Plan Update; a “Staff-Recommended Capacity Increase Project” means a recommendation, made by Staff pursuant to section 8 of Appendix A of the PEFA following the inability of Affected Persons to reach agreement in a timely manner on a

Recommended Capacity Increase Project that is included as such in a Draft Biennial Plan or Draft Plan Update.

A.7 “Commission” means the Federal Energy Regulatory Commission or any successor entity.

A.8 “Confidential Information” shall mean: all information, regardless of the manner in which it is furnished, marked as “Confidential Information” at the time of its furnishing; *provided that* Confidential Information shall not include information: (i) in the public domain or generally available or known to the public; (ii) disclosed to a recipient by a Third Person who had a legal right to do so; (iii) independently developed by the receiving Party or known to such Party prior to its disclosure under the PEFA; (iv) normally disclosed by entities in the Western Interconnection without limitation; (v) disclosed in aggregate form; or (vi) required to be disclosed without a protective order or confidentiality agreement by subpoena, law, or other directive of a court, administrative agency, or arbitration panel.

A.9 “Critical Energy Infrastructure Information” or “CEII” means information as defined in 18 C.F.R. § 388.113(c), as may be amended from time to time, about existing and proposed systems or assets, whether physical or virtual, relating to the production, generation, transportation, transmission, or distribution of energy that could be useful to a person in planning an attack on such systems or assets, the incapacity or destruction of which would negatively affect security, economic security, public health, or safety.

A.10 “Demand Response Resource Data” has the meaning set forth in Part IX, section 2.3 of this Attachment K.

A.11 “Designated Person” with respect to a form of Facilities Agreement means each of the Persons designated as such pursuant to section 6.1 of the body of the PEFA by ColumbiaGrid in such form.

A.12 “Economic Study” means a study of Transmission Provider’s Transmission System, separately or in conjunction with study of other transmission systems, to evaluate (i) congestion, (ii) the integration on an aggregated or Western Interconnection (or Western Interconnection “sub-regional”) wide basis of new resources or new loads , or (iii) Local Economic Study.

A.13 “Enhanced Reliability Upgrade” means, for purposes of this Attachment K, an upgrade to the Washington area facilities of Transmission Provider’s Transmission System that

- (i) is intended to provide a transmission customer for Network Integration Transmission Service or Point-to-Point Transmission Service on Transmission Provider’s Transmission System with (A) enhanced reliability with respect to the transmission customer’s Network Integration Transmission Service or Point-to-Point Transmission Service over and above the reliability necessary to satisfy the planning criteria applicable to Transmission Provider, or (B) reduced Curtailments with respect to the transmission customer’s Network Integration Transmission Service or

Point-to-Point Transmission Service as compared with the Curtailments that would otherwise occur with respect to such transmission service,

- (ii) does not result in a reduction of transmission capacity on another transmission system (or other adverse impact on such other transmission system that is generally considered in transmission planning in the Western Interconnection) that is material and that is unacceptable to the owner or operator of such other transmission system, and
- (iii) is installed pursuant to Part VIII of this Attachment K.

“Enhanced Reliability Upgrade” shall in no event include any upgrade to Transmission Provider’s Transmission System that (a) is installed or required for the provision of bundled service to its Native Load Customers, or (b) is installed or required pursuant to any provision of the Tariff other than Part VIII of this Attachment K.

A.14 “EOP Need” means any projected inability of a Transmission Owner or Operator Planning Party (anticipated to occur during the Planning Horizon) to serve, consistent with the Planning Criteria:

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

A.15 “Existing Obligation Project” or “EOP” means any modification to be made to the Regional Interconnected Systems

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

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

A.16 “Expanded Scope Project” means any Project if and to the extent that it is expanded pursuant to section 9 of Appendix A of the PEFA. A “Proposed Expanded Scope Project” means a proposal for an Expanded Scope Project at such time as it is being proposed in the transmission planning process.

A.17 “Facilities Agreement” means, for purposes of Part III of this Attachment K, a future agreement tendered by ColumbiaGrid to Designated Persons that may be separately entered into for purposes of effectuating an Existing Obligation Project pursuant to section 6 of the body of the PEFA.

A.18 “Functional Type” at any time means each Functional Type as then adopted by NERC. As of December 7, 2007, for example, the functional types adopted by NERC were set forth in its Statement of Compliance Registry Criteria (Revision 3.1).

A.19 “Grandfathered Transmission Service” means any transmission service (or interconnection) provided by Transmission Provider that is subject to the jurisdiction of the Commission but not provided pursuant to the OATT.

A.20 “Interested Person” means, for purposes of Parts II and III of this Attachment K, any Person (including, but not limited to, any Relevant State or Provincial Agency, Tribe, Non-Incumbent Transmission Developer or Merchant Transmission Developer) who has expressed an interest in the business of ColumbiaGrid and has requested notice of its public meetings. Such Interested Persons is to be identified on the Interested Persons List compiled by ColumbiaGrid in accordance with Section 4.2 of the ColumbiaGrid Bylaws.

A.21 “Local Economic Study” means an Economic Study that (i) evaluates congestion (and possible remedies) only on Transmission Provider’s Washington Area transmission facilities of its Transmission System, or (ii) evaluates a potential Enhanced Reliability Upgrade. A Local Economic Study will not encompass or entail a production cost model study.

A.22 “Material Adverse Impacts” with respect to a Project or Proposed Project means, for purposes of Part III of this Attachment K, a reduction of transmission capacity on a transmission system (or other adverse impact on such transmission system that is generally considered in transmission planning in the Western Interconnection) due to such Project that is material, that would result from a Project, and that is unacceptable to the Person that owns or operates such transmission system. For purposes of Part III of this Attachment K, Material Adverse Impacts of a Project or Proposed Project are considered mitigated if there would not be any Material Adverse Impacts due to such Project.

A.23 “Merchant Transmission Developer” means any Person that owns or operates, or proposes to own or operate, transmission facilities in the Order 1000 ColumbiaGrid Planning Region and intends to recover its costs through negotiated rates and is therefore to be not eligible to request Order 1000 Cost Allocation for such facilities.

A.24 “Near-Term Existing Obligation Project” or “Near-Term EOP” means, at any time, an Existing Obligation Project that must be commenced prior to the end of the then next

Planning Cycle in order to have sufficient lead time for implementation to meet the EOP Need giving rise to such Existing Obligation Project.

A.25 “Need” means, for purposes of Parts III and V of this Attachment K, any of the following Needs as identified in a System Assessment Report pursuant to section 3 of Appendix A of the PEFA: EOP Need, Need for a Requested Service Project, Need for a Capacity Increase Project, and Need for a Single System Project, including any such Needs that are driven by Public Policy Requirements. “Potential Need,” for purposes of Parts III and V of this Attachment K, is an item that is proposed or considered for inclusion in the system assessment for possible identification in the System Assessment Report as a Need.

A.26 “Need Statement” means, with respect to a Need, a statement developed by Staff pursuant to section 3 of Appendix A of the PEFA and included for informational purposes in a Plan. A “Draft Need Statement” means a proposal for a Need Statement presented by Staff to the Board for review and comment.

A.27 “NERC” means North America Electric Reliability Corporation or its successor.

A.28 “NERC Data” means all Planning Input Data provided or to be provided (or deemed provided or to be deemed provided) to Transmission Provider pursuant to Part IX.1 of this Attachment K.

A.29 “NERC Entity” means at any time each entity with facilities (i) that are then located in Transmission Provider’s Balancing Authority Area or are directly interconnected with Transmission Provider’s Transmission System, (ii) that then fall within a Functional Type, and (iii) to which any NERC Standard then applies.

A.30 “NERC Standard” means at any time any NERC Reliability Standard then in effect as adopted by NERC and approved by the Commission.

A.31 “Network Service Data” has the meaning set forth in Part IX, section 2.1 of this Attachment K.

A.32 “Non-Incumbent Transmission Developer” means any Person that proposes to own or operate transmission facilities in the Order 1000 ColumbiaGrid Planning Region, which Person does not own or operate existing transmission facilities in the Order 1000 ColumbiaGrid Planning Region.

A.33 “Non-Transmission Alternative” means an alternative that does not involve the construction of transmission facilities and that ColumbiaGrid has determined would result in the elimination or deferral of a Need by modifying the loads or resources reflected in the system assessments. Examples of such alternatives that may constitute Non-Transmission Alternatives may include demand-side load reduction programs, peak-shaving projects, and distributed generation. The following examples are specifically excluded from Non-Transmission Alternatives: remedial action schemes, shunt capacitors, and reconductoring.

A.34 “Open Access Transmission Tariff” or “OATT,” for purposes of Part III of this Attachment K, means, for each Transmission Owner or Operator Planning Party, such

Transmission Owner or Operator Planning Party's open access transmission tariff and, if such Transmission Owner or Operator Planning Party does not have such a tariff, the Commission's pro forma open access transmission tariff.

A.35 "Order 1000" means the Commission's Order No. 1000 (*Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051 (2011), *order on rehearing and clarification*, 139 FERC ¶ 61,132 (2012)) as it may be amended, supplemented, or superseded from time to time.

A.36 "Order 1000 Beneficiary" means a Transmission Owner or Operator Planning Party that is identified in an Order 1000 Cost Allocation Report as a Transmission Owner or Operator Planning Party that would receive Order 1000 Benefits as a direct result of an Order 1000 Project.

A.37 "Order 1000 Benefits" means, as more fully described in section 10.3.2 of Appendix A of the PEFA:

- (i) with respect to an Order 1000 Project and a Transmission Owner or Operator Planning Party that is not an Order 1000 Sponsor of such Project, the Order 1000 Benefits of such Transmission Owner or Operator Planning Party are to be equal to the sum of:
 - a. the projected costs that such Transmission Owner or Operator Planning Party is projected to avoid over the Planning Horizon due to elimination or deferral, as a direct result of such Order 1000 Project, of planned additions of transmission facilities in the Order 1000 ColumbiaGrid Planning Region, plus;
 - b. if and to the extent not reflected in item (i)a. above of this section, the value that such Transmission Owner or Operator Planning Party is projected to realize on its Transmission System over the Planning Horizon, as a direct result of such Order 1000 Project, where such value is equal to the lesser of:
 1. the projected costs (excluding any projected costs included in item (i)a. above of this section) that such Transmission Owner or Operator Planning Party would, but for such Order 1000 Project, have otherwise incurred over the Planning Horizon to achieve an increase in capacity on its Transmission System equivalent to that resulting from such Order 1000 Project; or
 2. the projected changes in revenues based on cost-based transmission rates over the Planning Horizon to such Transmission Owner or Operator Planning Party directly resulting from such Order 1000 Project or such Project's elimination or deferral of planned transmission facilities, which projected changes in revenues are to be based on projected changes of usage of such Transmission Owner or Operator Planning Party's Transmission System that are projected, using a robust economic analysis (including, as appropriate, production cost, power flow,

and stability analyses and evaluation of transmission queues) and are repeatable over a wide range of reasonable assumptions, to result over the Planning Horizon from the projected changes in capacity on such Transmission Owner or Operator Planning Party's Transmission System resulting from such Order 1000 Project or such Project's elimination or deferral of planned transmission facilities; and

(ii) with respect to an Order 1000 Project and any Order 1000 Sponsor(s) of such Project, the aggregate Order 1000 Benefits of such Order 1000 Sponsor(s) are to be equal to the projected capital costs of such Project.

A.38 "Order 1000 ColumbiaGrid Planning Region" means the Transmission Systems that Transmission Owner or Operator Planning Parties own or operate or propose to own or operate in the Regional Interconnected Systems. The transmission facilities, existing or proposed, of any Person that is enrolled in a neighboring transmission planning region (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region are not to be part of the Order 1000 ColumbiaGrid Planning Region, and such facilities are not to be part of or comprise an intraregional project (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region for purposes of Order 1000 Cost Allocation.

A.39 "Order 1000 Cost Allocation" means an allocation, using the Order 1000 Cost Allocation Methodology, pursuant to section 10.3.3 of Appendix A of the PEFA, of costs of an Order 1000 Project among one or more Transmission Owner or Operator Planning Parties. A cost allocation with respect to an interregional project (as such term is used in Order 1000) is specifically excluded from the meaning of Order 1000 Cost Allocation. "Non-Order 1000 Cost Allocation" means a cost allocation pursuant to provisions of the PEFA other than section 10.3 of Appendix A of the PEFA (such as sections 5.4, 6.4, 8.4, or 9.4 of Appendix A of the PEFA). Any Non-Order 1000 Cost Allocation is not to constitute a cost allocation for purposes of Order 1000. The term "any cost allocation" includes any Order 1000 Cost Allocation or any Non-Order 1000 Cost Allocation.

A.40 "Order 1000 Cost Allocation Methodology" means the cost allocation methodology set out in section 10.3 of Appendix A of the PEFA that is to be applied by ColumbiaGrid in making an Order 1000 Cost Allocation.

A.41 "Order 1000 Cost Allocation Report" means the report prepared by Staff and approved and finalized by the Board in accordance with section 10 of Appendix A of the PEFA that includes: (i) with respect to each Order 1000 Project selected for inclusion in a Biennial Plan, the results of and documentation relating to ColumbiaGrid's application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including (a) the identified Order 1000 Benefits and an explanation of such Order 1000 Benefits, and (b) the identified Order 1000 Beneficiaries of such Order 1000 Project, and, (ii) with respect to any Proposed Project for which Order 1000 Cost Allocation was requested in accordance with section 10 of Appendix A of the PEFA but that was not selected as an Order 1000 Project, an explanation of why such Proposed Project was not selected as an Order 1000 Project.

A.42 “Order 1000 Preliminary Cost Allocation Report” means, with respect to an Order 1000 Project, the Staff’s results of and documentation in accordance with section 10 of Appendix A of the PEFA relating to the Staff’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including the comments of the relevant Study Team’s participants.

A.43 “Order 1000 Project” means any Project in the Order 1000 ColumbiaGrid Planning Region, for which Order 1000 Cost Allocation has been requested and that has been selected as an Order 1000 Project, all in accordance with section 10 of Appendix A of the PEFA; *provided that*, if and to the extent any transmission facilities of such Project are not located in the Order 1000 ColumbiaGrid Planning Region, such Project for purposes of section 10 of Appendix A of the PEFA and any other provisions of the PEFA relating to selection of a Project as an Order 1000 Project or relating to Order 1000 Cost Allocation shall be deemed to not include such transmission facilities not located in the Order 1000 ColumbiaGrid Planning Region. For the avoidance of doubt, Order 1000 Project specifically excludes (i) any facilities if and to the extent they are not located in the Order 1000 ColumbiaGrid Planning Region or are not owned or operated or proposed to be owned or operated by a Transmission Owner or Operator Planning Party, and (ii) any Project, notwithstanding the fact that the Project otherwise satisfies the requirements to be an Order 1000 Project, for which the Transmission Owner or Operator Planning Party(ies) that requested Order 1000 Cost Allocation has subsequently withdrawn such request in accordance with section 10 of Appendix A of the PEFA.

A.44 “Order 1000 Sponsor” means, with respect to any Project for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A of the PEFA, any Transmission Owner or Operator Planning Party that proposes to own or operate transmission facilities of such Project. Order 1000 Sponsor specifically excludes a Merchant Transmission Developer with respect to a Project in the Order 1000 ColumbiaGrid Planning Region.

A.45 “Pacific Northwest” means the (i) sub region within the Western Interconnection comprised of Alberta, British Columbia, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming and (ii) any portions of the area defined in 16 U.S.C. § 839a(14) that are not otherwise included in (i).

A.46 “Party” means, for purposes of Parts II and III of this Attachment K, a signatory to the PEFA.

A.47 “Person” means, for purposes of Part III of this Attachment K, an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, joint operating entity, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, government entity or political subdivision thereof (including a federal power marketing administration), or organization recognized as a legal entity by law in the United States or Canada.

A.48 “Plan” means, for purposes of Part III of this Attachment K, at any time the then current Biennial Plan, as then revised by any Plan Updates. A “Draft Plan” refers to a Draft Biennial Plan or a Draft Plan Update.

A.49 “Plan Update” means an update to the then current Plan adopted by the Board pursuant to section 2.4 of the body of the PEFA. A “Draft Plan Update” means a plan update presented by Staff to the Board for adoption but not yet adopted by the Board.

A.50 “Planning and Expansion Functional Agreement” or “PEFA” means at any time the ColumbiaGrid Planning and Expansion Functional Agreement then on file with the Commission.

A.51 “Planning Criteria” means the then current planning standards that ColumbiaGrid shall apply, as provided in section 2.1 of Appendix A of the PEFA, in any system assessment, System Assessment Report, or Need Statement.

A.52 “Planning Cycle” means a period of approximately 24 months during which a Draft Biennial Plan is to be prepared and presented to the Board for adoption and during which a Biennial Plan is to be subsequently adopted by the Board.

A.53 “Planning Horizon,” for purposes of Part III of this Attachment K, means, with respect to any Biennial Plan (or Plan Update), the period for which the system assessment for such Biennial Plan (or Plan Update) is made, which period shall be the longer of (i) ten years or (ii) the planning period required by the Commission in its pro forma OATT, as it may be amended from time to time.

A.54 “Planning Input Data” means NERC Data, Demand Response Resource Data, Generating Facility Data, Network Service Data and Transmission Service Data provided or deemed provided (or to be provided or to be deemed provided) to Transmission Provider pursuant to this Attachment K.

A.55 “Planning Party” means, for purposes of Part III of this Attachment K, each Party other than ColumbiaGrid. ColumbiaGrid is to maintain a list of the Planning Parties on its Website.

A.56 “Point-to-Point Customer” means an entity receiving service pursuant to the terms of the Transmission Provider’s Point-to-Point Transmission Service under Part II of the Tariff.

A.57 “Project” means, for purposes of Parts III of this Attachment K, any of the following included in a Plan, under development in the transmission planning processes under the PEFA, or under consideration for inclusion in a Plan, as the context requires: (i) Capacity Increase Project, (ii) Existing Obligation Project, (iii) Requested Service Project, or (iv) Single System Project. A Project may be classified as one or more of the foregoing types of Projects. A Project that is classified as more than one of the foregoing types is sometimes referred to in the PEFA as a “Project with Multiple Classifications”. An “Expanded Scope Project” is a Project the scope of which is expanded in accordance with section 9 of Appendix A of the PEFA and may be a combination of one or more Existing Obligation Projects, Requested Service Projects, Capacity Increase Projects, and Single System Projects. A “Proposed Project” means a proposal for a Project at such time as it is being discussed in the transmission planning process.

A.58 “PSE Proprietary Information” means, for purposes of this Attachment K, any

- (i) non-public or confidential trade secrets, commercial or financial information or other information of Transmission Provider, whether of a technical, business or other nature, or
- (ii) information that has been made available to Transmission Provider by any third party or entity that Transmission Provider is obligated to keep non-public or confidential,

that is used by Transmission Provider in its transmission planning processes pursuant to this Attachment K.

A.59 “Public Policy Requirements” means enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level.

A.60 “Regional Interconnected Systems” or “RIS” means the interconnected transmission systems in the Pacific Northwest.

A.61 “Relevant State or Provincial Agency” means any State or Provincial agency with authority over energy regulation, transmission, or planning that has expressed an interest in the ColumbiaGrid transmission planning process and has requested to be included on the Interested Persons list. For example, these may include the Washington Utilities and Transportation Commission, Idaho Public Utilities Commission, Oregon Public Utility Commission, Washington Department of Commerce (specifically the Energy Office within that department), Washington Energy Facility Site Evaluation Council, and the appointees to the Northwest Power and Conservation Council. If requested by a governor in the Pacific Northwest, Relevant State and Provincial Agency may also include a representative from such governor’s office. For the purposes of this definition the term also includes any successor to these agencies.

A.62 “Replication Data” means basic criteria, assumptions and data necessary to replicate the results of Transmission Provider’s planning studies performed pursuant to this Attachment K that underlie the PSE Plan.

A.63 “Requested Service Assessment” means, with respect to a request to a Transmission Owner or Operator Planning Party for study related to a transmission service or interconnection, an assessment of the effect of such request on such Transmission Owner or Operator Planning Party’s Transmission System and on other transmission systems.

A.64 “Requested Service Project” means any modification of the Regional Interconnected Systems

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

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

(iii) that involves more than one Transmission System.

A “Proposed Requested Service Project” means a proposal for a Requested Service Project at such time as it is being proposed in the transmission planning process under the PEFA; a “Recommended Requested Service Project” means a recommendation for a Requested Service Project that is developed by the agreement of Affected Persons and that is included in a Plan; a “Staff-Recommended Requested Service Project” means a recommendation by the Staff for a Requested Service Project following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Requested Service Project.

A.65 “Single System Project” means any modification of a single Transmission System of a Transmission Owner or Operator Planning Party that

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

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

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

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

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

A.66 “Staff” means, for purposes of Part III of this Attachment K, the ColumbiaGrid staff, officers, or consultants hired or retained by ColumbiaGrid to perform the Staff’s responsibilities under the PEFA. The activities of Staff under the PEFA are to be performed under the supervision and guidance of the ColumbiaGrid Board.

A.67 “Study Team” with respect to a Proposed Project being defined means a team that is comprised of ColumbiaGrid and the following that choose to participate in such team: (i) any Planning Parties, (ii) any Affected Persons identified with respect to such Project, and (iii) any

Interested Persons; *provided that* participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law.

A.68 “System Assessment Report” means each system assessment report developed by Staff pursuant to section 3 of Appendix A of the PEFA.

A.69 “Third Person” means, for purposes of Part III of this Attachment K, any Person other than a Party.

A.70 “Transmission Owner or Operator Planning Party” or “TOPP” means a Party that is, or proposes to be, an owner or operator of transmission facilities in the Pacific Northwest. For purposes of the PEFA, an “owner” includes, but is not limited to, a Party that has a leasehold interest in or other beneficial use of the subject facilities, where, for financing purposes, legal title is held by another entity.

A.71 “Transmission Service Data” has the meaning set forth in Part IX, section 2.2 of this Attachment K.

A.72 “Transmission System” means, for purposes of Parts III and V of this Attachment K, with respect to a Transmission Owner or Operator Planning Party, the transmission facilities in the Pacific Northwest owned or operated or proposed to be owned or operated by such Transmission Owner or Operator Planning Party.

A.73 “Website” means, for purposes of Part III of this Attachment K, the website maintained by ColumbiaGrid at <http://www.columbiagrid.org>.

A.74 “Western Electricity Coordinating Council” or “WECC” means the Western Electricity Coordinating Council or any successor entity.

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

APPENDIX A DEFINITIONS

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

A.1 “Additional Entity” means at any time each entity that is not a NERC Entity but that has facilities (i) that are then located in Transmission Provider’s Balancing Authority Area or are interconnected with Transmission Provider’s Transmission System and (ii) that then fall within a Functional Type.

A.2 “Affected Persons” with respect to a Project or Proposed Project means those Planning Parties and Persons that would bear Material Adverse Impacts from such Project or Proposed Project or are otherwise materially affected thereby.

A.3 “Annual Interregional Coordination Meeting” shall have the meaning set forth in section 13.3 of Appendix A of the PEFA and restated in Part III, section 13.3, of this Attachment K.

A.4 “Annual Interregional Information” shall have the meaning set forth in section 13.2 of Appendix A of the PEFA and restated in Part III, section 13.2, of this Attachment K.

A.5 “Assigned Regional Costs from Interregional Cost Allocation” shall have the meaning given such term in section 1.46 of the body of the PEFA.

A.6 “Biennial Plan” means each biennial transmission plan adopted by the Board pursuant to section 2 of the body of the PEFA. A “Draft Biennial Plan” refers to a draft of a Biennial Plan presented by Staff to the Board for adoption pursuant to section 2 of the body of the PEFA but not yet adopted by the Board.

A.7 “Board of Directors” or “Board” means the Board of Directors of ColumbiaGrid.

A.8 “Bylaws” means the then current bylaws of ColumbiaGrid.

A.9 “Capacity Increase Project” means a voluntary modification of the Regional Interconnected Systems:

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

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

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

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

A.10 “Commission” means the Federal Energy Regulatory Commission or any successor entity.

A.11 “Confidential Information” shall mean: all information, regardless of the manner in which it is furnished, marked as “Confidential Information” at the time of its furnishing; *provided that* Confidential Information shall not include information: (i) in the public domain or generally available or known to the public; (ii) disclosed to a recipient by a Third Person who had a legal right to do so; (iii) independently developed by the receiving Party or known to such Party prior to its disclosure under the PEFA; (iv) normally disclosed by entities in the Western Interconnection without limitation; (v) disclosed in aggregate form; or (vi) required to be disclosed without a protective order or confidentiality agreement by subpoena, law, or other directive of a court, administrative agency, or arbitration panel.

A.12 “Critical Energy Infrastructure Information” or “CEII” means information as defined in 18 C.F.R. § 388.113(c), as may be amended from time to time, about existing and proposed systems or assets, whether physical or virtual, relating to the production, generation, transportation, transmission, or distribution of energy that could be useful to a person in planning an attack on such systems or assets, the incapacity or destruction of which would negatively affect security, economic security, public health, or safety.

A.13 “Demand Response Resource Data” has the meaning set forth in Part IX, section 2.3 of this Attachment K.

A.14 “Designated Person” with respect to a form of Facilities Agreement means each of the Persons designated as such pursuant to section 6.1 of the body of the PEFA by ColumbiaGrid in such form.

A.15 “Economic Study” means a study of Transmission Provider’s Transmission System, separately or in conjunction with study of other transmission systems, to evaluate (i) congestion, (ii) the integration on an aggregated or Western Interconnection (or Western Interconnection “sub-regional”) wide basis of new resources or new loads, or (iii) Local Economic Study.

A.16 “Enhanced Reliability Upgrade” means, for purposes of this Attachment K, an upgrade to the Washington area facilities of Transmission Provider’s Transmission System that

(i) is intended to provide a transmission customer for Network Integration Transmission Service or Point-to-Point Transmission Service on Transmission Provider’s Transmission System with (A) enhanced reliability with respect to the transmission customer’s Network Integration Transmission Service or Point-to-Point Transmission Service over and above the reliability necessary to satisfy the planning criteria applicable to Transmission Provider, or (B) reduced Curtailments with respect to the transmission customer’s Network Integration Transmission Service or Point-to-Point Transmission Service as compared with the Curtailments that would otherwise occur with respect to such transmission service,

(ii) does not result in a reduction of transmission capacity on another transmission system (or other adverse impact on such other transmission system that is generally considered in transmission planning in the Western Interconnection) that is material and that is unacceptable to the owner or operator of such other transmission system, and

(iii) is installed pursuant to Part VIII of this Attachment K.

“Enhanced Reliability Upgrade” shall in no event include any upgrade to Transmission Provider’s Transmission System that (a) is installed or required for the provision of bundled service to its Native Load Customers, or (b) is installed or required pursuant to any provision of the Tariff other than Part VIII of this Attachment K.

A.17 “EOP Need” means any projected inability of a Transmission Owner or Operator Planning Party (anticipated to occur during the Planning Horizon) to serve, consistent with the Planning Criteria:

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

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

A.18 “Existing Obligation Project” or “EOP” means any modification to be made to the Regional Interconnected Systems

(i) to the extent that it is for the purpose of meeting an EOP Need on a Transmission Owner or Operator Planning Party’s Transmission System;

(ii) to the extent that it is not a Capacity Increase Project, Requested Service Project, or Single System Project;

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

(iv) that is approved by the Board and included as an Existing Obligation Project in a Plan.

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

A.19 “Expanded Scope Project” means any Project (other than an ITP) if and to the extent that it is expanded pursuant to section 9 of Appendix A of the PEFA. A “Proposed Expanded Scope Project” means a proposal for an Expanded Scope Project that is voluntarily undertaken by one or more Transmission Owner or Operator Planning Party(ies) at such time as it is being proposed in the transmission planning process.

A.20 “Facilities Agreement” means, for purposes of Part III of this Attachment K, a future agreement tendered by ColumbiaGrid to Designated Persons that may be separately entered into for purposes of effectuating an Existing Obligation Project pursuant to section 6 of the body of the PEFA.

A.21 “Fourth Amendment and Restatement” means the Planning and Expansion Functional Agreement (“PEFA”) as amended by the Fourth Amendment and Restatement if and after such time as such amendments become effective in accordance with section 17.1 of the Fourth Amendment and Restatement of the PEFA.

A.22 “Functional Type” at any time means each Functional Type as then adopted by NERC. As of December 7, 2007, for example, the functional types adopted by NERC were set forth in its Statement of Compliance Registry Criteria (Revision 3.1).

A.23 “Grandfathered Transmission Service” means any transmission service (or interconnection) provided by Transmission Provider that is subject to the jurisdiction of the Commission but not provided pursuant to the OATT.

A.24 “Interested Person” means, for purposes of Parts II and III of this Attachment K, any Person (including, but not limited to, any Relevant State or Provincial Agency, Tribe, Non-Incumbent Transmission Developer or Merchant Transmission Developer) who has expressed an interest in the business of ColumbiaGrid and has requested notice of its public meetings. Such

Interested Persons is to be identified on the Interested Persons List compiled by ColumbiaGrid in accordance with Section 4.2 of the ColumbiaGrid Bylaws. For purposes of section 13 of Appendix A of the PEFA, Interested Persons are referred to as stakeholders.

A.25 “Interregional Cost Allocation” means the assignment of ITP costs between or among Planning Regions as described in section 13.5.2 of Appendix A of the PEFA.

A.26 “Interregional Transmission Project” or “ITP” means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with section 13.4.1 of Appendix A of the PEFA.

A.27 “Interregional Transmission Project Proponent” or “ITP Proponent” shall have the meaning given such term in section 1.53 of the body of the PEFA.

A.28 “Interregional Transmission Project Agreement” or “ITP Agreement” shall have the meaning given such term in section 1.53 of the body of the PEFA.

A.29 “Local Economic Study” means an Economic Study that (i) evaluates congestion (and possible remedies) only on Transmission Provider’s Washington Area transmission facilities of its Transmission System, or (ii) evaluates a potential Enhanced Reliability Upgrade. A Local Economic Study will not encompass or entail a production cost model study.

A.30 “Material Adverse Impacts” with respect to a Project or Proposed Project means, for purposes of Part III of this Attachment K, a reduction of transmission capacity on a transmission system (or other adverse impact on such transmission system that is generally considered in transmission planning in the Western Interconnection) due to such Project that is material, that would result from a Project, and that is unacceptable to the Person that owns or operates such transmission system. For purposes of Part III of this Attachment K, Material Adverse Impacts of a Project or Proposed Project are considered mitigated if there would not be any Material Adverse Impacts due to such Project.

A.31 “Merchant Transmission Developer” means any Person that owns or operates, or proposes to own or operate, transmission facilities in the Order 1000 ColumbiaGrid Planning Region and intends to recover its costs through negotiated rates and is therefore to be not eligible to request Order 1000 Cost Allocation for such facilities.

A.32 “Near-Term Existing Obligation Project” or “Near-Term EOP” means, at any time, an Existing Obligation Project that must be commenced prior to the end of the then next Planning Cycle in order to have sufficient lead time for implementation to meet the EOP Need giving rise to such Existing Obligation Project.

A.33 “Need” means, for purposes of Parts III and V of this Attachment K, any of the following Needs as identified in a System Assessment Report pursuant to section 3 of Appendix A of the PEFA: EOP Need, Need for a Requested Service Project, Need for a Capacity Increase Project, and Need for a Single System Project, including any such Needs that are driven by

Public Policy Requirements. “Potential Need,” for purposes of Parts III and V of this Attachment K, is an item that is proposed or considered for inclusion in the system assessment for possible identification in the System Assessment Report as a Need. For purposes of section 13 of Appendix A of the PEFA, a Need in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission need.

A.34 “Need Statement” means, with respect to a Need, a statement developed by Staff pursuant to section 3 of Appendix A of the PEFA and included for informational purposes in a Plan. A “Draft Need Statement” means a proposal for a Need Statement presented by Staff to the Board for review and comment.

A.35 “NERC” means North America Electric Reliability Corporation or its successor.

A.36 “NERC Data” means all Planning Input Data provided or to be provided (or deemed provided or to be deemed provided) to Transmission Provider pursuant to Part IX.1 of this Attachment K.

A.37 “NERC Entity” means at any time each entity with facilities (i) that are then located in Transmission Provider’s Balancing Authority Area or are directly interconnected with Transmission Provider’s Transmission System, (ii) that then fall within a Functional Type, and (iii) to which any NERC Standard then applies.

A.38 “NERC Standard” means at any time any NERC Reliability Standard then in effect as adopted by NERC and approved by the Commission.

A.39 “Network Service Data” has the meaning set forth in Part IX, section 2.1 of this Attachment K.

A.40 “Non-Incumbent Transmission Developer” means any Person that proposes to own or operate transmission facilities in the Order 1000 ColumbiaGrid Planning Region, which Person does not own or operate existing transmission facilities in the Order 1000 ColumbiaGrid Planning Region.

A.41 “Non-Order 1000 Cost Allocation” shall have the meaning given such term in section 1.48 of the body of the PEFA.

A.42 “Non-Transmission Alternative” means an alternative that does not involve the construction of transmission facilities and that ColumbiaGrid has determined would result in the elimination or deferral of a Need by modifying the loads or resources reflected in the system assessments. Examples of such alternatives that may constitute Non-Transmission Alternatives may include demand-side load reduction programs, peak-shaving projects, and distributed generation. The following examples are specifically excluded from Non-Transmission Alternatives: remedial action schemes, shunt capacitors, and reconductoring.

A.43 “Open Access Transmission Tariff” or “OATT,” for purposes of Part III of this Attachment K, means, for each Transmission Owner or Operator Planning Party, such Transmission Owner or Operator Planning Party’s open access transmission tariff and, if such

Transmission Owner or Operator Planning Party does not have such a tariff, the Commission's pro forma open access transmission tariff.

A.44 “Order 1000” means the Commission's Order No. 1000 (*Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051 (2011), *order on rehearing and clarification*, 139 FERC ¶ 61,132 (2012)) as it may be amended, supplemented, or superseded from time to time.

A.45 “Order 1000 Beneficiary” means a Transmission Owner or Operator Planning Party that is identified in an Order 1000 Cost Allocation Report as a Transmission Owner or Operator Planning Party that would receive Order 1000 Benefits as a direct result of an Order 1000 Project.

A.46 “Order 1000 Benefits” means, as more fully described in section 10.3.2 of Appendix A of the PEFA:

- (i) with respect to an Order 1000 Project and a Transmission Owner or Operator Planning Party that is not an Order 1000 Sponsor of such Project, the Order 1000 Benefits of such Transmission Owner or Operator Planning Party are to be equal to the sum of:
 - a. the projected costs that such Transmission Owner or Operator Planning Party is projected to avoid over the Planning Horizon due to elimination or deferral, as a direct result of such Order 1000 Project, of planned additions of transmission facilities in the Order 1000 ColumbiaGrid Planning Region, plus;
 - b. if and to the extent not reflected in item (i)a. of section 1.46 of the body of the PEFA, the value that such Transmission Owner or Operator Planning Party is projected to realize on its Transmission System over the Planning Horizon, as a direct result of such Order 1000 Project, where such value is equal to the lesser of:
 1. the projected costs (excluding any projected costs included in item (i)a. of section 1.46 of the body of the PEFA) that such Transmission Owner or Operator Planning Party would, but for such Order 1000 Project, have otherwise incurred over the Planning Horizon to achieve an increase in capacity on its Transmission System equivalent to that resulting from such Order 1000 Project; or
 2. the projected changes in revenues based on cost-based transmission rates over the Planning Horizon to such Transmission Owner or Operator Planning Party directly resulting from such Order 1000 Project or such Project's elimination or deferral of planned transmission facilities, which projected changes in revenues are to be based on projected changes of usage of such Transmission Owner or Operator Planning Party's Transmission System that are projected, using a robust economic analysis (including, as appropriate, production cost, power flow,

and stability analyses and evaluation of transmission queues) and are repeatable over a wide range of reasonable assumptions, to result over the Planning Horizon from the projected changes in capacity on such Transmission Owner or Operator Planning Party's Transmission System resulting from such Order 1000 Project or such Project's elimination or deferral of planned transmission facilities; and

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

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

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

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

A.47 “Order 1000 ColumbiaGrid Planning Region” means the Transmission Systems that Transmission Owner or Operator Planning Parties own or operate or propose to own or operate in the Regional Interconnected Systems. The transmission facilities, existing or proposed, of any Person that is enrolled in a neighboring transmission planning region (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region are not to be part of the Order 1000 ColumbiaGrid Planning Region, and such facilities are not to be part of or comprise intraregional facilities (as such term is used in Order 1000) of the Order 1000 ColumbiaGrid Planning Region for purposes of Order 1000 Cost Allocation.

A.48 “Order 1000 Cost Allocation” means an allocation, using the Order 1000 Cost Allocation Methodology, pursuant to section 10.3.3 of Appendix A of the PEFA, of costs of an Order 1000 Project among one or more Transmission Owner or Operator Planning Parties or ITP Proponents. “Non-Order 1000 Cost Allocation” means a cost allocation pursuant to provisions of the PEFA other than section 10.3, 13 or 14 of Appendix A of the PEFA (such as section 5.4, 6.4, 8.4 or 9.4 of Appendix A of the PEFA). Any Non-Order 1000 Cost Allocation is not to constitute a cost allocation for purposes of Order 1000. The term “any cost allocation” includes any Order 1000 Cost Allocation or any Non-Order 1000 Cost Allocation.

A.49 “Order 1000 Cost Allocation Methodology” means the cost allocation methodology set out in section 10.3 of Appendix A of the PEFA that is to be applied by ColumbiaGrid in making an Order 1000 Cost Allocation.

A.50 “Order 1000 Cost Allocation Report” means the report prepared by Staff and approved and finalized by the Board in accordance with section 10 of Appendix A of the PEFA that includes: (i) with respect to each Order 1000 Project selected for inclusion in a Biennial Plan, the results of and documentation relating to ColumbiaGrid’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including (a) the identified Order 1000 Benefits and an explanation of such Order 1000 Benefits, and (b) the identified Order 1000 Beneficiaries of such Order 1000 Project, and, (ii) with respect to any Proposed Project for which Order 1000 Cost Allocation was requested in accordance with section 10 of Appendix A of the PEFA but that was not selected as an Order 1000 Project, an explanation of why such Proposed Project was not selected as an Order 1000 Project.

A.51 “Order 1000 Preliminary Cost Allocation Report” means, with respect to an Order 1000 Project, the Staff’s results of and documentation in accordance with section 10 of Appendix A of the PEFA relating to the Staff’s application of the Order 1000 Cost Allocation Methodology to such Order 1000 Project, including the comments of the relevant Study Team’s participants.

A.52 “Order 1000 Project” means (i) any Project, other than an ITP, for which Order 1000 Cost Allocation has been requested and that has been selected as an Order 1000 Project, all in accordance with section 10 of Appendix A of the PEFA or (ii) any ITP for which Interregional Cost Allocation has been requested and that has been selected as an Order 1000 Project, all in accordance with sections 10, 13 and 14 of Appendix A of the PEFA; *provided that*, if the Project would directly interconnect electrically with existing or planned transmission facilities in two or more Relevant Planning Regions, such Project shall not be eligible to be an Order 1000 Project except as an ITP. For purposes of the cost allocation provisions of the PEFA, an ITP may be deemed to be an Order 1000 Project notwithstanding the fact that the selection of an ITP as an Order 1000 Project under the PEFA occurs after cost allocation calculations have been performed with respect to such ITP. For the avoidance of doubt, Order 1000 Project specifically excludes any facilities for which all Transmission Owner or Operator Planning Party(ies) and the ITP Proponent(s), as applicable, that requested Order 1000 Cost Allocation has subsequently withdrawn such request in accordance with section 10 of Appendix A of the PEFA.

A.53 “Order 1000 Sponsor” means, with respect to any Project for which Order 1000 Cost Allocation has been requested in accordance with section 10 of Appendix A of the PEFA

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

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

Order 1000 Sponsor specifically excludes a Merchant Transmission Developer with respect to a Project.

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

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

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

A.54 **“Pacific Northwest”** means the (i) sub region within the Western Interconnection comprised of Alberta, British Columbia, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming and (ii) any portions of the area defined in 16 U.S.C. § 839a(14) that are not otherwise included in (i).

A.55 **“Party”** means, for purposes of Parts II and III of this Attachment K, a signatory to the PEFA.

A.56 **“Person”** means, for purposes of Part III of this Attachment K, an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, joint operating entity, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, government entity or political subdivision thereof (including a federal power marketing administration), or organization recognized as a legal entity by law in the United States or Canada.

A.57 **“Plan”** means, for purposes of Part III of this Attachment K, at any time the then current Biennial Plan, as then revised by any Plan Updates. A **“Draft Plan”** refers to a Draft Biennial Plan or a Draft Plan Update. For purposes of section 13 of Appendix A of the PEFA, a Plan in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission plan.

A.58 “Planning Region” means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: California Independent System Operator Corporation, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

A.59 “Plan Update” means an update to the then current Plan adopted by the Board pursuant to section 2.4 of the body of the PEFA. A “Draft Plan Update” means a plan update presented by Staff to the Board for adoption but not yet adopted by the Board.

A.60 “Planning and Expansion Functional Agreement” or “PEFA” means at any time the ColumbiaGrid Planning and Expansion Functional Agreement then on file with the Commission.

A.61 “Planning Criteria” means the then current planning standards that ColumbiaGrid shall apply, as provided in section 2.1 of Appendix A of the PEFA, in any system assessment, System Assessment Report, or Need Statement.

A.62 “Planning Cycle” means a period of approximately 24 months during which a Draft Biennial Plan is to be prepared and presented to the Board for adoption and during which a Biennial Plan is to be subsequently adopted by the Board.

A.63 “Planning Horizon,” for purposes of Part III of this Attachment K, means, with respect to any Biennial Plan (or Plan Update), the period for which the system assessment for such Biennial Plan (or Plan Update) is made, which period shall be the longer of (i) ten years or (ii) the planning period required by the Commission in its pro forma OATT, as it may be amended from time to time.

A.64 “Planning Input Data” means NERC Data, Demand Response Resource Data, Generating Facility Data, Network Service Data and Transmission Service Data provided or deemed provided (or to be provided or to be deemed provided) to Transmission Provider pursuant to this Attachment K.

A.65 “Planning Party” means, for purposes of Part III of this Attachment K, each Party other than ColumbiaGrid. ColumbiaGrid is to maintain a list of the Planning Parties on its Website.

A.66 “Point-to-Point Customer” means an entity receiving service pursuant to the terms of the Transmission Provider’s Point-to-Point Transmission Service under Part II of the Tariff.

A.67 “Project” means, for purposes of Part III of this Attachment K, any of the following included in a Plan, under development in the transmission planning processes under the PEFA, or under consideration for inclusion in a Plan, as the context requires: (i) Capacity Increase Project, (ii) Existing Obligation Project, (iii) Requested Service Project, (iv) Single System Project, or (v) an ITP. A Project may be classified as one or more of the foregoing types of Projects. A Project that is classified as more than one of the foregoing types is sometimes referred to in the PEFA as a “Project with Multiple Classifications”. An “Expanded Scope Project” is a Project (other than an ITP) the scope of which is expanded in accordance with

section 9 of Appendix A of the PEFA and may be a combination of one or more Existing Obligation Projects, Requested Service Projects, Capacity Increase Projects, and Single System Projects. A “Proposed Project” means a proposal for a Project at such time as it is being discussed in the transmission planning process.

A.68 “PSE Proprietary Information” means, for purposes of this Attachment K, any

- (i) non-public or confidential trade secrets, commercial or financial information or other information of Transmission Provider, whether of a technical, business or other nature, or
- (ii) information that has been made available to Transmission Provider by any third party or entity that Transmission Provider is obligated to keep non-public or confidential,

that is used by Transmission Provider in its transmission planning processes pursuant to this Attachment K.

A.69 “Public Policy Requirements” means enacted statutes (*i.e.*, passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level.

A.70 “Regional Benefits for Purposes of Interregional Cost Allocation” shall have the meaning given such term in section 1.46 of the body of the PEFA.

A.71 “Regional Interconnected Systems” or “RIS” means the interconnected transmission systems in the Pacific Northwest.

A.72 “Relevant Planning Regions” means, with respect to an ITP, the Planning Regions that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with section 13.4.2 of Appendix A of the PEFA, at which time it shall no longer be considered a Relevant Planning Region.

A.73 “Relevant State or Provincial Agency” means any State or Provincial agency with authority over energy regulation, transmission, or planning that has expressed an interest in the ColumbiaGrid transmission planning process and has requested to be included on the Interested Persons list. For example, these may include the Washington Utilities and Transportation Commission, Idaho Public Utilities Commission, Oregon Public Utility Commission, Washington Department of Commerce (specifically the Energy Office within that department), Washington Energy Facility Site Evaluation Council, and the appointees to the Northwest Power and Conservation Council. If requested by a governor in the Pacific Northwest, Relevant State and Provincial Agency may also include a representative from such governor’s office. For the purposes of this definition the term also includes any successor to these agencies.

A.74 “Replication Data” means basic criteria, assumptions and data necessary to replicate the results of Transmission Provider’s planning studies performed pursuant to this Attachment K that underlie the PSE Plan.

A.75 “Requested Service Assessment” means, with respect to a request to a Transmission Owner or Operator Planning Party for study related to a transmission service or interconnection, an assessment of the effect of such request on such Transmission Owner or Operator Planning Party’s Transmission System and on other transmission systems.

A.76 “Requested Service Project” means any modification of the Regional Interconnected Systems

- (i) to the extent that it is for the purpose of providing service pursuant to a transmission service or interconnection request made to a Transmission Owner or Operator Planning Party;
- (ii) that is undertaken by one or more Transmission Owner or Operator Planning Party(ies);
- (iii) to the extent that it is not an Existing Obligation Project, Capacity Increase Project, or Single System Project; and
- (iv) that involves more than one Transmission System.

A “Proposed Requested Service Project” means a proposal for a Requested Service Project at such time as it is being proposed in the transmission planning process under the PEFA; a “Recommended Requested Service Project” means a recommendation for a Requested Service Project that is developed by the agreement of Affected Persons and that is included in a Plan; a “Staff-Recommended Requested Service Project” means a recommendation by the Staff for a Requested Service Project following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Requested Service Project.

A.77 “Single System Project” means any modification of a single Transmission System of a Transmission Owner or Operator Planning Party that

- (i) is for the purpose of meeting a Need or other purpose of such Transmission Owner or Operator Planning Party that impacts only such single Transmission System;
- (ii) does not result in Material Adverse Impacts on any transmission system;
- (iii) to the extent that it is not an Existing Obligation Project, Capacity Increase Project, or Requested Service Project; and
- (iv) is included as a Single System Project in a Plan.

With respect to a Transmission Owner or Operator Planning Party's Single System Project for which such Transmission Owner or Operator Planning Party as sponsor of such Project has requested an Order 1000 Cost Allocation in accordance with section 10 of Appendix A of the PEFA: a “Proposed Single System Project” means a proposal for a Single System Project at such time as it is being proposed in the transmission planning process under the PEFA; a

“Recommended Single System Project” means a recommendation for a Single System Project that is developed by the agreement of Affected Persons and that is included in a Plan; and a “Staff-Recommended Single System Project” means a recommendation by the Staff for a Single System Project following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Single System Project.

A.78 “Staff” means, for purposes of Part III of this Attachment K, the ColumbiaGrid staff, officers, or consultants hired or retained by ColumbiaGrid to perform the Staff’s responsibilities under the PEFA. The activities of Staff under the PEFA are to be performed under the supervision and guidance of the ColumbiaGrid Board.

A.79 “Study Team” with respect to a Proposed Project being defined means a team that is comprised of ColumbiaGrid and the following that choose to participate in such team: (i) any Planning Parties, (ii) any Affected Persons identified with respect to such Project, (iii) any Interested Persons, and (iv) any ITP Proponent(s) of such Project; *provided that* participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law.

A.80 “System Assessment Report” means each system assessment report developed by Staff pursuant to section 3 of Appendix A of the PEFA.

A.81 “Third Person” means, for purposes of Part III of this Attachment K, any Person other than a Party.

A.82 “Total Regional Costs from Interregional Cost Allocation” shall have the meaning given such term in section 1.46 of the body of the PEFA.

A.83 “Transmission Owner or Operator Planning Party” or “TOPP” means a Party that is, or proposes to be, an owner or operator of transmission facilities in the Pacific Northwest. For purposes of the PEFA, an “owner” includes, but is not limited to, a Party that has a leasehold interest in or other beneficial use of the subject facilities, where, for financing purposes, legal title is held by another entity.

A.84 “Transmission Service Data” has the meaning set forth in Part IX, section 2.2 of this Attachment K.

A.85 “Transmission System” means, for purposes of Parts III and V of this Attachment K, with respect to a Transmission Owner or Operator Planning Party, the transmission facilities in the Pacific Northwest owned or operated or proposed to be owned or operated by such Transmission Owner or Operator Planning Party.

A.86 “Website” means, for purposes of Part III of this Attachment K, the website maintained by ColumbiaGrid at <http://www.columbiagrid.org>.

A.87 “Western Electricity Coordinating Council” or “WECC” means the Western Electricity Coordinating Council or any successor entity.

Attachment C

COLUMBIAGRID

PLANNING AND EXPANSION FUNCTIONAL AGREEMENT

~~THIRD~~FOURTH AMENDMENT AND RESTATEMENT

[insert date]

October 1, 2012

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COLUMBIAGRID

PLANNING AND EXPANSION FUNCTIONAL AGREEMENT

THIRDFOURTH AMENDMENT AND RESTATEMENT

RECITALS

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

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

C. The ColumbiaGrid transmission planning process will evaluate transmission needs, including those driven by public policy requirements.

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

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

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

G. The ColumbiaGrid transmission planning process and biennial plans will also address transmission projects needed to serve new transmission and interconnection requests to

the transmission system owners or operators that are parties to this Agreement and will address expansions sponsored by parties to this Agreement. The biennial plans will also list transmission projects developed by individual parties to the Agreement to address transmission needs affecting only their individual transmission systems.

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

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

AGREEMENT

This PLANNING AND EXPANSION FUNCTIONAL AGREEMENT is entered into as of January 17, 2007, as amended on January 16, 2008, ~~and~~ as further amended and restated as of October 1, 2012, and as further amended and restated as of _____, by and among Avista Corporation; the Bonneville Power Administration (“Bonneville”); Public Utility District No. 1 of Chelan County, Washington; Public Utility District No. 1 of Cowlitz County, Washington; Public Utility District No. 1 of Douglas County, Washington; ~~Enbridge, Inc.~~ MATL LLC; Public Utility District No. 2 of Grant County, Washington; Puget Sound Energy, Inc.; the City of Seattle, a municipal corporation of the State of Washington, acting by and through its City Light Department; Public Utility District No. 1 of Snohomish County, Washington; the City of Tacoma, Department of Public Utilities, Light Division (dba Tacoma Power); and ColumbiaGrid, a Washington state nonprofit corporation.

1. Definitions

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

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

1.3 “Allocated Share” with respect to each Payor means at any time the percentage for such Payor as determined by ColumbiaGrid pursuant to the formula set forth in section 8.4, as such percentage may have then been adjusted pursuant to sections 8.5, 8.6, or 8.7; *provided that* the Allocated Share of any New Payor of any Invoice submitted to such New Payor pursuant to section 8.8.3 shall be equal to the \$10,000 amount of such Invoice.

1.4 “Annual Interregional Coordination Meeting” shall have the meaning set forth in section 13.3 of Appendix A below.

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

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

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

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

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

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

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

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

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

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

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

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

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

1.111.14 “CPI Index/GNP Deflator” means the Consumer Price Index (“CPI Index”) for Portland, Oregon, published monthly by the U.S. Department of Labor, Bureau of Labor Statistics, or, if the U.S. Department of Labor discontinues the publication of the CPI Index, or alters the same in some other material manner, then a substitute index or substitute procedure as selected by ColumbiaGrid that reasonably reflects and monitors changes in consumer prices similar to the altered or discontinued index.

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

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

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

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

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

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

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

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

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

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

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

1.201.23 “Facilities Petition” means, with respect to an Existing Obligation Project, a petition by a Planning Party or any other Person to the Commission seeking relief in respect of a

refusal or failure, by any Designated Person(s) that is named as a party in the form of Facilities Agreement for such Existing Obligation Project and is tendered such form pursuant to section 6.2, to enter into such agreement or to build or pay for the facilities identified in such Facilities Agreement in accordance with the terms thereof.

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

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

1.22.26 “Interested Person” means any Person (including, but not limited to, any Relevant State or Provincial Agency, Tribe, Non-Incumbent Transmission Developer or Merchant Transmission Developer) who has expressed an interest in the business of ColumbiaGrid and has requested notice of its public meetings. Such Interested Persons will be identified on the Interested Persons List compiled by ColumbiaGrid in accordance with Section 4.2 of the ColumbiaGrid Bylaws. For purposes of section 13 of Appendix A, Interested Persons are referred to as stakeholders.

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

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

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

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

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

1.24.32 “Material Adverse Impacts” with respect to a Project or Proposed Project means a reduction of transmission capacity on a transmission system (or other adverse impact on such transmission system that is generally considered in transmission planning in the Western Interconnection) due to such Project that is material, that would result from a Project, and that is unacceptable to the Person that owns or operates such transmission system. For purposes of this

Agreement, Material Adverse Impacts of a Project or Proposed Project are considered mitigated if there would not be any Material Adverse Impacts due to such Project.

1.251.33 “Maximum Payor Obligation” for each Payor means the maximum total of Payment Amounts (specifically excluding any interest such Payor is obligated to pay under section 8.8.6.3 due to such Payor’s failure to pay its Allocated Share of a Payment Amount when due) such Payor is obligated to pay under section 8.3 of this Agreement.

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

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

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

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

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

1.291.37 “Need” means any of the following Needs as identified in a System Assessment Report pursuant to section 3 of Appendix A: EOP Need, Need for a Requested Service Project, Need for a Capacity Increase Project, and Need for a Single System Project, including any such Needs that are driven by Public Policy Requirements. “Potential Need” is an item that is proposed or considered for inclusion in the system assessment for possible identification in the System Assessment Report as a Need. For purposes of section 13 of Appendix A, a Need in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission need.

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

1.311.39 “New Payor” means a Qualified Person that enters into this Agreement, and thereby becomes a Planning Party, subsequent to the Effective Date by executing a counterpart of this Agreement and delivering it to each Party; *provided that* a consortium of similarly situated Planning Parties, none of which operates a control area, may elect at the time they enter into this Agreement to be designated as a single Payor and shall thereby become jointly and severally liable for the Payment Cycle fixed payment amount (of \$50,000) pursuant to section 8.4 and the New Payor fee (of \$10,000) pursuant to section 8.8.3.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.461.55 “Party” means a signatory to this Agreement.

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

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

1.491.58 “Payor” means each Planning Party; *provided that* a consortium of similarly situated Planning Parties, none of which operates a control area, may elect at the time they enter into this Agreement to be designated as a single Payor and shall thereby become jointly and severally liable for the Payment Cycle fixed payment amount (of \$50,000) pursuant to section 8.4 and the New Payor fee (of \$10,000) pursuant to section 8.8.3; *provided further that* each such Planning Party shall otherwise be a separate Planning Party under this Agreement.

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

1.511.60 “Plan” means at any time the then current Biennial Plan, as then revised by any Plan Updates. A “Draft Plan” refers to a Draft Biennial Plan or a Draft Plan Update. For purposes of section 13 of Appendix A, a Plan in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission plan.

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

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

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

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

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

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

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

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

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

1.591.69 "Qualified Person" means (i) any Person (including any Transmission Owner or Operator Planning Party, any Non-Incumbent Transmission Developer, or Merchant Transmission Developer) that owns or operates, or proposes to own or operate, an Electric System in the Pacific Northwest or (ii) any Person that has an obligation under state, provincial, or federal law to engage in transmission planning or expansion activities in the Pacific Northwest.

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

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

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

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

1.621.74 "Remaining Maximum Total Payment Obligation" means, at any time during the Term, the amount of Maximum Total Payment Obligation for which Invoices have not been issued. Upon the addition of a New Payor, the Remaining Maximum Total Payment

Obligation shall equal the Maximum Total Payment Obligation minus the sum of (i) the aggregate of all Invoices as of the date the New Payor executes and delivers this Agreement to each Party plus (ii) the Payment Amount requested by the Initial Invoice to such New Payor pursuant to section 8.8.3.

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

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

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

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

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

(~~iii~~iv) that involves more than one Transmission System.

A “Proposed Requested Service Project” means a proposal for a Requested Service Project at such time as it is being proposed in the transmission planning process under this Agreement; a “Recommended Requested Service Project” means a recommendation for a Requested Service Project that is developed by the agreement of Affected Persons and that is included in a Plan; a “Staff-Recommended Requested Service Project” means a recommendation by the Staff for a Requested Service Project following the inability of Affected Persons to reach agreement in a timely manner on a Recommended Requested Service Project.

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

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

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

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

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

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

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

1.671.79 “Study Team” with respect to a Proposed Project being defined means a team that is comprised of ColumbiaGrid and the following that choose to participate in such team: (i) any Planning Parties, (ii) any Affected Persons identified with respect to such Project, ~~and~~ (iii) any Interested Persons, and (iv) any ITP Proponent(s) of such Project; provided that participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law.

1.681.80 “Supporting Planning Parties” for an Existing Obligation Project means all Planning Parties that have not opted pursuant to section 6.3 to institute, or that do not intervene on their own behalf in, a Commission proceeding on a Facilities Petition with respect to such Existing Obligation Project.

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

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

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

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

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

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

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

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

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

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

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

1.791.91 “WIS Agreement”: see definition 1.2 above.

2. Biennial Transmission Plans and Updates

2.1 Adoption of Plans and Effect of Cost Allocation

Each Planning Cycle, ColumbiaGrid shall develop and review a Draft Biennial Plan and shall adopt, by majority vote of the Board, a Biennial Plan. The first Biennial Plan will be adopted as soon as practicable but in no event later than 30 months after the Effective Date. The planning process to be followed under this Agreement by the Parties is more fully described in Appendix A.

Nothing in this Agreement nor any cost allocation under this Agreement shall obligate any Planning Party to construct, nor obligate any Planning Party to commit to construct, any transmission facilities, regardless of whether such transmission facilities are included in any Plan.

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

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

2.2 Content of Draft Biennial Plans

Each Draft Biennial Plan shall include the following elements:

- (i) System Assessment Report(s) and Need Statement(s) that have been previously submitted by Staff to the Board;
- (ii) Recommended Near-Term EOP(s), other Recommended EOP(s) that are ready for implementation pursuant to the agreement of the Affected Persons identified by ColumbiaGrid, and Staff-Recommended EOP(s);
- (iii) Recommended Requested Service Project(s) and Staff-Recommended Requested Service Project(s);
- (iv) with respect to a Capacity Increase Project(s):
 - a. for a Capacity Increase Project(s) for which such Project's(s') sponsor(s) has requested a Study Team for Project development, either a Recommended Capacity Increase Project(s) or Staff-Recommended Capacity Increase Project(s); or
 - b. for all other Capacity Increase Project(s), the Capacity Increase Project(s) that have been submitted for inclusion in the Biennial Plan for informational purposes by the TOPP(s) sponsoring such Project(s);
- (v) with respect to Single System Project(s):
 - a. for a Single System Project(s) for which the TOPP sponsoring such Project(s) has requested an Order 1000 Cost Allocation

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

b. for all other Single System Project(s), the Single System Project(s) on a Transmission System that has been submitted for inclusion in the Biennial Plan for informational purposes by the TOPP that owns or operates such system;

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

(vii) Non-Transmission Alternatives;

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

(ix) any Order 1000 Preliminary Cost Allocation Reports for each Order 1000 Project; and

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

2.3 Content of Biennial Plans

Each Biennial Plan shall include the following elements:

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

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

and

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

2.4 Adoption of Plan Updates

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

3. Plan Methodology

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

- (i) facilitate analysis of Proposed Projects as if a single utility owned all relevant generating, transmission, and distribution facilities to enhance efficiency and reduce duplication of facilities, environmental impacts, and costs;
- (ii) model and study the RIS facilities through a system assessment and other analyses assuming that the information necessary to model the Projects is available and taking into account the input of Planning Parties and Interested Persons with respect to Potential Needs, including Potential Needs driven by a Public Policy Requirement;
- (iii) through the system assessment, identify Needs for which potential solutions should be identified and evaluated and task Study Teams to work in an open, transparent, non-discriminatory, and collaborative manner (subject to ColumbiaGrid's obligation to protect Confidential Information and CEII pursuant to this Agreement) to identify and evaluate solutions to address such Needs and evaluate such solutions, including their consistency with the solution evaluation factors described in section 2.3 of Appendix A;
- (iv) apply the Order 1000 Cost Allocation Methodology to any Order 1000 Project in accordance with ~~section 10~~ sections 10, 13, or 14 of Appendix A;
- (v) for Projects other than Order 1000 Projects, as appropriate, apply the cost allocation provisions of sections 5.4, 6.4, 8.4, or 9.4 of Appendix A;
- (vi) coordinate, as appropriate, with the planning activities of other regional planning entities and neighboring transmission systems, including other transmission planning regions (as such term is used in Order 1000);
- (vii) recognize each TOPP's responsibility for planning Projects on its Transmission System and responsibility for the planning necessary for its Single System Projects and service of its local loads from its Transmission System; and
- (viii) with respect to Non-Transmission Alternatives, defer to the development of such alternatives in other appropriate forums and limit analysis of such alternatives to analysis of whether a TOPP-proposed Non-Transmission Alternative will meet or defer a Need.

4. ColumbiaGrid Transmission Planning Process Requirements

4.1 Duty to Cooperate

Each Planning Party shall cooperate with and support ColumbiaGrid in the implementation of its responsibilities under this Agreement, which shall, as applicable, include providing data relating to its Electric System or proposed Electric System and individual TOPP planning criteria and performing technical studies regarding its Transmission System as it relates to the RIS. Specifically, each Planning Party shall participate in, and support, ColumbiaGrid's performing annual system assessments and shall participate actively in the Study Teams that are formed to address Needs or develop Proposed Projects for which such Planning Party is an Affected Person. Each Planning Party performing studies contemplated under this Agreement shall keep the Staff informed about those studies and seek the input of the Staff, as appropriate, and shall provide the final studies to the Staff for the use of ColumbiaGrid. Nothing in this Agreement shall prohibit a Planning Party from constructing a transmission facility or expanding its Electric System in a manner that has not yet been reflected in a Plan; *provided that* nothing in this Agreement shall preclude ColumbiaGrid from determining through a system assessment that there are still unmet Need(s) notwithstanding any such facility or expansion or any other facility or expansion. Nothing in this section 4.1 is intended to prevent ColumbiaGrid from performing studies as needed in accordance with Appendix A.

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

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

4.3 Notice to Potentially Interested Persons

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

4.4 Use of Study Teams

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

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

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

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

4.5.2 Development of Protocol for Communications With, and Receiving Input from Tribes. ColumbiaGrid shall develop a protocol to foster the collaborative involvement of Pacific Northwest Tribes in the ColumbiaGrid transmission planning process. Such protocol shall guide ColumbiaGrid's communications with the Tribes and shall include provisions to keep the Tribes informed regarding ColumbiaGrid's activities as well as provisions to receive input from the Tribes and their authorized representatives in the transmission planning process. For example, the protocol should include a provision stating that at such time as it becomes apparent to a Study Team that Tribal resources or lands may be impacted, the Study Team should make a reasonable attempt to notify potentially impacted Tribes of its work.

ColumbiaGrid may work with the Planning Parties and Pacific Northwest Tribes to compile a database of Tribal lands and culturally significant areas for use under such a protocol.

4.6 ColumbiaGrid Development of WECC Submittals

ColumbiaGrid Staff shall, in consultation with each TOPP (and other Planning Parties as appropriate), develop data submittals on behalf of such TOPP for WECC base case development purposes. Each TOPP agrees to submit to ColumbiaGrid its underlying data for the WECC submittals. TOPPs will have the opportunity to review proposed base cases during the normal WECC review process.

4.7 Third Person Access to ColumbiaGrid Data and Analysis

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

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

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

6. Offer and Execution of Facilities Agreements; Other Agreements

6.1 Agreements to Effectuate Approved EOPs

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

6.1.1 In the absence of a request for Order 1000 Cost Allocation in accordance with section 10 of Appendix A and arrangements that ColumbiaGrid determines will effectuate any EOP, ColumbiaGrid shall develop a form of Facilities Agreement for such EOP, which shall

be substantially in the form of Appendix B and which shall include the following from the specification of such EOP in the Plan:

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

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

6.1.2 Ownership and use of any transmission capacity that is:

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

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

- a. added or maintained as a result of an EOP; and
- b. added or maintained on the transmission system of such party to a Facilities Agreement as a result of any of the facilities comprising the plan of service under such Facilities Agreement; but
- c. specified in Exhibit F of such Facilities Agreement to be owned by another party to such Facilities Agreement;

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

6.2 Tender and Execution of Form of Facilities Agreements for EOPs

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

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

6.3 Facilities Petitions for EOPs

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

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

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

In any Facilities Petition Intervention, ColumbiaGrid shall support the Commission's ordering relief consistent with section 1.21; *provided that* ColumbiaGrid shall not seek (and shall not advocate the imposition of) a fine, civil penalty, or forfeiture for failure to comply with any statute, rule, regulation, order of the Commission, contract, tariff, standard, or criteria; *provided further that* ColumbiaGrid shall not file with the Commission or support any Facilities Petition, and, except as otherwise expressly provided in section 6.3 or 6.5, shall not file or support any pleading with respect to the tendered form of the Facilities Agreement or the EOP that is the subject of such form of Facilities Agreement. ColumbiaGrid shall file each Facilities Petition Intervention that it files pursuant to this section 6.3 on its own behalf and on behalf of all Supporting Planning Parties for such EOP.

In the event that a Canadian entity becomes a Planning Party, the Parties shall negotiate in good faith for an amendment to this Agreement to add a provision comparable to the provisions in this section 6.3 with respect to ordering the construction of EOPs in Canada.

6.4 Waiver of Standing Arguments

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

6.5 Prosecution of Facilities Petition Intervention

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

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

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

7. Regional and Interregional Transmission Coordination

ColumbiaGrid may become a member of and participate in appropriate transmission planning forums, committees, and work groups applicable to the geographic areas served by the Transmission Systems for purposes of collecting and sharing information; *provided that* this section 7 or any such membership or participation shall not authorize ColumbiaGrid to undertake

any cost allocation with respect to any transmission facilities or undertake any activities that it is not otherwise authorized to undertake pursuant to and consistent with this Agreement, its Articles of Incorporation, and its Bylaws. Subject to this section 7 and with the prior written consent of a TOPP, ColumbiaGrid may coordinate and submit such TOPP's Transmission System data as required by such forums, committees, and work groups.

8. Payment

8.1 Maximum Total Payment Obligation

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

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

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

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

8.2 Allocation of Corporate Overhead

ColumbiaGrid shall determine when and to what extent to allocate corporate expenses to its activities under its functional agreement(s) as provided in provision 7.2 of the Bylaws and shall make such allocation based upon a reasonable assignment (in light of generally accepted cost

allocation principles) of costs to each function based upon the costs attributable to each such function. The initial Maximum Total Payment Obligation was set at a level that did not contemplate an inclusion of all such corporate expenses. It is contemplated that requests for modification of the Maximum Total Payment Obligation for Payment Cycles after the initial Payment Cycle may reflect an allocation of additional corporate expenses.

8.3 Payor's Payment Obligation

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

8.4 Allocation of the Payment Amount

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

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

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

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

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

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

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

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

Where,

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

TP = Total Payors

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

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

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

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

“net transmission plant” of a Payor means such Payor's transmission plant, net of depreciation, located in the Pacific Northwest as reflected in such Payor's then most recent FERC Form 1 or equivalent report

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

(contract amount of rights (MW)) * (8760 hours)/1000

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

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

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

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

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

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

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

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

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

8.8 Invoices

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

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

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

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

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

8.8.6 Invoice and Payment Details

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

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

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

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

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

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

8.9 Use of Funds

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

8.10 Other Terms

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

9. Budgets

9.1 Rolling Annual Budget

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

9.2 ColumbiaGrid General Record-Keeping

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

9.3 Documentation of Costs Attributable to Specific Project

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

9.4 Annual Financial Reporting

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

9.5 Audit of ColumbiaGrid Records

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

10. Standards of ColumbiaGrid Performance

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

11. Authorization for ColumbiaGrid to Perform Obligations Under This Agreement

Planning Parties agree that, unless specifically otherwise provided in this Agreement, ColumbiaGrid is authorized, pursuant to Bylaws Section 6.1, to engage on its own behalf, and not as agent for Planning Parties, in any activity reasonably necessary to perform its obligations under this Agreement, including the hiring of contractors or consultants.

12. Limitation of Liability Among Planning Parties

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

13. Insurance, Indemnification, and Limitations of Liability

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

13.1 Insurance; Waiver of Subrogation Rights

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

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

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

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

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

13.3 First Party Claims

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

13.4 Third Person Claims

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

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

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

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

13.4.5 Where the claim or legal action arises in whole or in part from allegedly negligent actions or inactions of ColumbiaGrid in performance of obligations of this Agreement, the self-insured retention and the policy coverage described in section 13.1.1 above shall be regarded as primary with respect to payments or judgments resulting from any such claim or legal action. Payments shall include reasonable attorneys' fees and costs of investigation and defense. To the extent of insurance coverage and the extent permitted by applicable law, ColumbiaGrid shall indemnify, defend, and hold each Planning Party harmless from and against all damages

based upon or arising out of bodily injuries or damages to Third Person(s) or parties, including without limitation death resulting therefrom, or physical damages to or losses of property caused by, arising out of, or sustained in connection with performance of this Agreement to the extent attributable to the negligence of ColumbiaGrid or its employees, agents, suppliers, and subcontractors (including suppliers and subcontractors of subcontractors; hereinafter “Subcontractors”). As used in this section 13.4.5, “damages” means any claims, losses, costs, expenses, damages (including without limitation direct, indirect, incidental, consequential, special, exemplary, and punitive damages), payments made in settlement, arbitration awards, and liabilities, including reasonable attorneys’ fees.

13.5 Inaccurate or Incomplete Data or Information

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

13.6 Limitation of Damages

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

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

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

14. Uncontrollable Force

A Party shall not be in breach of this Agreement as a result of such Party’s failure or delay to perform its obligations under this Agreement when such failure is caused by an Uncontrollable Force that such Party, despite the exercise of due diligence, is unable to remove with reasonable dispatch; *provided however that* such Party shall have the right to suspend performance of such obligations only to the extent and for the duration that the Uncontrollable Force actually and reasonably prevents the performance of such obligations by such Party. In the event of the occurrence of an Uncontrollable Force that delays or prevents a Party’s performance of any of its

obligations under this Agreement, such Party shall (i) immediately notify the other Parties of such Uncontrollable Force with such notice to be confirmed in writing as soon as reasonably practicable, (ii) use due diligence to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations under this Agreement, (iii) keep the other Parties apprised of such efforts on an ongoing basis, and (iv) provide written notice of the resumption of performance under this Agreement. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this Agreement involved in such strike, lockout, or labor dispute; and the requirement that a Party must use due diligence to remedy the cause of the Uncontrollable Force or mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes.

15. Assignments and Conveyances

15.1 Successors and Assigns

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

15.2 Assignment of ColumbiaGrid's Rights and Obligations

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

15.3 Assignment of a Planning Party's Rights and Obligations

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

15.4 Assignment of Facilities

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

15.5 Effect of Permitted Assignment

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

15.6 Consent Not Unreasonably Denied or Delayed

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

16. Confidentiality Obligations

16.1 Protection of Confidential Information

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

16.2 Protection of Critical Energy Infrastructure Information

If a Party designates information as “Critical Energy Infrastructure Information” as of the time of its furnishing, ColumbiaGrid shall not post such information on the public portion of its Website. If any Party, or other Person, seeks information so designated as CEII, ColumbiaGrid shall immediately notify the disclosing Party to seek its consent to release such information. If the disclosing Party does not consent, ColumbiaGrid shall not release the CEII and shall inform the requesting Party of the disclosing Party’s decision. Further, if information designated by a Party as CEII is made part of a filing submitted by ColumbiaGrid with the Commission, ColumbiaGrid

shall take reasonable steps to ensure the protection of such information pursuant to the 18 C.F.R. § 388.112(b).

16.3 Disclosure Pursuant to Statute or Administrative or Judicial Order

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

16.4 Disclosure of Information Subject to Standards of Conduct

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

17. Effective Date of Fourth Amendment and Restatement of this Agreement

17.1 Original Parties

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

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

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

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

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

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

17.2 Subsequent Planning Parties

With respect to any Qualified Person who executes this Agreement after the ~~Effective Date established~~date the Fourth Amendment and Restatement of this Agreement becomes effective pursuant to section 17.1, this Agreement shall be effective as to such Qualified Person as of the date it executes this Agreement by executing a counterpart signature page of this Agreement and delivers such counterpart signature page to ColumbiaGrid, which shall maintain such original counterpart signature page and shall prepare and distribute a conformed copy thereof to each of the Planning Parties.

~~17.3 Regulatory Filings, if Any~~

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

18. Withdrawal

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

18.1 Notice of Potential Withdrawal

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

18.2 Discussion of Concerns

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

18.3 Notice of Withdrawal

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

18.4 Effect of Default

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

18.5 Rescission of Notice of Withdrawal

If a Withdrawing Party rescinds its notice of withdrawal during the Withdrawal Period and such Withdrawing Party has paid ColumbiaGrid its Allocated Share of all Invoices issued by ColumbiaGrid as of the date of such rescission, such Withdrawing Party shall not be considered a New Payor and shall not be required to pay the New Payor fee under section 8.8.3. If such Withdrawing Party withdrew because of a modification of the Maximum Total Payment Obligation under section 8.1.3 and, pursuant to section 18.3, such Withdrawing Party has not been paying a share of the increase in the Maximum Total Payment Obligation, the Withdrawing Party shall also pay ColumbiaGrid an amount equal to such Withdrawing Party's Allocated Share of the amount such Withdrawing Party did not pay under this Agreement as a result of its withdrawal plus interest on such unpaid amount from the time it would have been paid in the absence of such

withdrawal and continuing until such amount is paid. Such interest shall be compounded daily at an annual interest rate equal to the lesser of (i) a rate equal to 200 basis points above the per annum prime rate reported daily in *The Wall Street Journal* or (ii) the maximum rate permitted by applicable law.

~~18.6 Accelerated Withdrawal~~ 18.6 *This section left intentionally blank*

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

19. Miscellaneous

19.1 Notices Under This Agreement

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

The address of ColumbiaGrid shall be:

8338 NE Alderwood Road
Suite 140
Portland, OR 97220
Attn: ~~Allen Burns~~ Chief Executive Officer

The addresses of the Planning Parties shall be:

Avista Corporation:

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

Bonneville Power Administration:

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

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

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

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

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

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

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

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

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

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

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

Puget Sound Energy, Inc.:

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

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

700 Fifth Avenue, Suite 3300
Seattle, WA 98124
Attn: Tuan Tran, Director, Energy Delivery Engineering

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

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

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

P.O. Box 11007
Tacoma, WA 98411-0007
Attn: Shirley Eshbach

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

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

19.1.4 Initial Address of Subsequent Planning Party. Any Qualified Person that executes this Agreement ~~after the Effective Date~~ pursuant to section 17.2 after the Fourth Amendment and Restatement of this Agreement becomes effective pursuant to section 17.1 shall promptly give ColumbiaGrid notice of the designation and address of the person specified to receive notice on its behalf. In such case, ColumbiaGrid shall promptly notify all of the other Planning Parties of such designation and address.

19.2 Amendment or Modification

This Agreement may not be amended or modified except by any subsequent mutual written agreement, duly executed by all then current Parties to this Agreement. If any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification, or condition. If a Party finds such holding, modification, or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, a Party may by written notice to each other Party withdraw from this Agreement pursuant to section 18; *provided that* the Withdrawal Period for any such withdrawal shall be 15 days.

19.3 Construction of Agreement

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

19.4 Integration

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

19.5 Existing Agreements Preserved

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

19.6 Governing Law

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

19.7 Equitable Relief

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

19.8 Singular and Plural; Use of “Or”

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

19.9 Headings for Convenience Only

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

19.10 Relationship of the Parties

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

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

19.11 No Third Person Beneficiaries

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

19.12 No Dedication of Facilities

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

19.13 Nonwaiver

Any waiver at any time by any Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any other default or other matter arising in connection with this Agreement. Any waiver must be delivered in writing, executed by an authorized representative of the Party granting such waiver. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

19.14 Further Actions and Documents

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

19.15 Counterparts

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

19.16 No Expansion of Commission Authority

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

19.17 Representation of Qualified Person Status

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

19.18 Representation of Authority

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

19.19 Planning Parties Records and Information Sharing

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

19.20 Other Reports

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

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

ColumbiaGrid

Avista Corporation

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Bonneville Power Administration

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

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

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

By: _____
Title: _____
Date: _____

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

By: _____
Title: _____
Date: _____

~~Enbridge, Inc.~~ MATL LLC

By: _____
Title: _____
Date: _____

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

By: _____
Title: _____
Date: _____

Puget Sound Energy, Inc.

By: _____
Title: _____
Date: _____

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

By: _____
Title: _____
Date: _____

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

By: _____
Title: _____
Date: _____

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

By: _____
Title: _____
Date: _____

APPENDIX A

TRANSMISSION PLANNING PROCESS

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

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

2. Criteria and Factors

2.1 Planning Criteria

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

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

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

(iii) ~~(iii)~~—recognized regional planning or other reliability or transmission adequacy criteria developed by the consensus of the TOPPs for use on their Transmission Systems (ColumbiaGrid may sponsor a process for development of such criteria); *provided that* a TOPP may have other planning criteria that are more stringent than the ColumbiaGrid standards for use on its own Transmission System; and

(iv) ~~(iv)~~—with respect to planning criteria applicable to any particular TOPP, such additional criteria then accepted by such TOPP and communicated to ColumbiaGrid by written notice; *provided that* any such additional criteria shall apply only to such TOPP.

2.2 Needs Factors

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

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

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

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

2.3 Solution Evaluation Factors

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

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

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

2.4 Non-Transmission Alternatives

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

3. System Assessment Report and Need Statements

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

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

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

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

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

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

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

A. to respond to requests for transmission service and interconnection;

B. to increase capacity on its Transmission System; and

C. for a Single System Project;

and

2. Potential Need identified by any Person for increased transmission capacity on the RIS.

b. ColumbiaGrid shall document the basis upon which a Potential Need was not selected for inclusion in the system assessment.

3.1.2 ColumbiaGrid shall perform the system assessment and base such assessment on the then current and appropriate WECC planning base cases; *provided that* Planning Parties shall provide updates to the input previously provided to ColumbiaGrid pursuant to sections 4.1 and 4.6 of the body of this Agreement. ColumbiaGrid shall insofar as practicable update the then current WECC planning base case to reflect such updated information so that the system assessment reflects on-going projects on the RIS and the likely completion dates of such projects to the extent such projects and completion dates are reasonably forecasted to occur prior to the end of the Planning Horizon.

3.1.3 ColumbiaGrid shall determine in each system assessment, with respect to any Order 1000 Project included in the Plan, the status and on-going progress of such Project. The Order 1000 Sponsor shall provide for each such system assessment, and such determination will be based on, updated Project information. The system assessment will include an assessment of whether such Project continues to be expected to meet the underlying Need(s) in a timely manner. If such Project does not so continue to be expected to meet such Need(s) in a timely manner, ColumbiaGrid may remove such Project from its Biennial Plan. Upon such removal, such Project shall not be an Order 1000 Project. It is recognized that such removal may result in alternative solutions in the transmission planning process to meet any applicable Need(s).

3.1.4 ColumbiaGrid shall post drafts of the system assessment results as they become available during the system assessment process on its Website subject to any appropriate conditions to protect Confidential Information and CEII.

3.1.5 ColumbiaGrid, in coordination with Planning Parties and Interested Persons, shall prepare a Draft System Assessment Report. Such Draft System Assessment Report shall reflect Needs that the system assessment has projected to occur during the Planning Horizon.

(i) During the development of the Draft System Assessment Report, each Planning Party shall endeavor to inform Staff of any material change in conditions (anticipated to occur during the Planning Horizon) with respect to such Planning Party of which it is aware affecting any Need(s) under consideration in the Draft System Assessment Report as a Need.

(ii) ColumbiaGrid shall, insofar as practicable, take into account any such updates in its Draft System Assessment Report.

3.1.6 ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall (i) consider Proposed Projects, and shall develop conceptual transmission solutions, that address any Need(s) (other than any Need(s) that is expected to result in a Single System Project for which Order 1000 Cost Allocation has not been requested in accordance with section 10 of this Appendix A) and (ii) identify which EOP Needs and related conceptual solutions are likely to result in Near-Term EOPs.

a. ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, shall develop a Draft Need Statement for each such Need. Each such Draft Need Statement shall include the following information at a minimum:

1. a narrative description of the Need and the assumptions, applicable Planning Criteria, and methodology used to determine the Need;
2. one or more conceptual transmission-based solutions to meet the Need with estimated timelines and estimated costs to implement each such solution; and
3. an indication of whether a non-transmission solution might be viable to eliminate or delay the necessity for such a transmission-based solution.

In the event that the Planning Parties, Interested Persons participating in the system assessment, and ColumbiaGrid do not reach consensus on the content of any such Draft Need Statement, Staff shall determine the content of such Draft Need Statement; *provided that* in making its determination, Staff shall consider any comments and possible transmission solutions suggested by any Planning Party or Interested Person; *provided further that* ColumbiaGrid shall note in the Draft Need Statement that it determined the content of such statement and shall report the comments of Planning Parties and Interested Persons.

3.1.7 ColumbiaGrid shall post drafts of the Draft Need Statements, as they become available, on the Website subject to any appropriate conditions to protect Confidential Information and CEII.

3.1.8 ColumbiaGrid, in coordination with the Planning Parties and Affected Persons, will continue to work on EOP Needs not likely to result in Near-Term EOPs as needed and appropriate over time notwithstanding the fact that Draft Need Statements for such EOP Needs need not be prepared and included in the then current Draft System Assessment Report and Draft Need Statements.

3.1.9 ColumbiaGrid shall present the Draft System Assessment Report and Draft Need Statements to the Board for review and comment.

3.1.10 ColumbiaGrid will incorporate the comments of the Board on the Draft System Assessment Report and Draft Need Statements into the System Assessment Report and Need Statements.

4. Study Teams

ColumbiaGrid shall facilitate and participate in Study Teams. Planning Parties shall, and Affected Persons and Relevant State and Provincial Agencies and other Interested Persons may, actively participate in ColumbiaGrid planning activities through membership in Study Teams.

4.1 Scope of Study Team Activities:

The general objective of a Study Team shall be, with respect to any Need(s) set out in a Need Statement(s), to collaboratively and timely develop all required elements of a plan of service as may be required to address such Need(s) as provided in this section 4 of this Appendix A and sections 5.2, 6.3, 7.3, and 8.3 of this Appendix A. In developing such plan of service, a Study Team will evaluate any of the following proposed solutions to a Need(s): Proposed Projects, Non-Transmission Alternatives, and conceptual solutions that are:

- (i) reflected in the relevant Need Statement(s); or
- (ii) proposed by any Study Team participant to address such Need(s); *provided that* the information, including Project data, needed in order for the Study Team to evaluate such proposed solutions has been provided to ColumbiaGrid.

In performing such evaluation, the Study Team shall assess the ability of any such proposed solution to address a Need(s) considering the factors as described in section 2.3 above in this Appendix A. In addition, the Study Team shall assess whether there is a solution that is a more cost-effective and/or efficient alternative, applying such factors, to address Need(s). Taking such assessments into account, Study Teams shall attempt to reach agreement on all of the elements, as appropriate, of a plan of service to meet such Need(s).

A Study Team's evaluation may not necessarily result in a plan of service.

The specific objective of a Study Team's discussions varies based upon the underlying Need(s). With respect to an EOP Need, a Study Team shall develop a proposed solution that addresses an EOP Need in a Need Statement. With respect to a Requested Service Project, the Study Team shall develop a proposed solution that serves the request for service in a manner that meets time constraints. With respect to a Single System Project, a Proposed Project's sponsor that is a TOPP may request a Study Team for Project development if such Proposed Project's sponsor also requests an Order 1000 Cost Allocation for such Project. If a TOPP proposing a Single System Project has not requested a Study Team, ColumbiaGrid may convene a Study Team to identify whether there are Material Adverse Impacts resulting from such Project. With respect to a Capacity Increase Project, a Proposed Project's sponsor that is a TOPP may request a Study Team for Project development. If a TOPP proposing a Proposed Capacity Increase Project has not requested a Study Team, any Affected Person may request a Study Team to identify and address Material Adverse Impacts resulting from such Proposed Capacity Increase Project. With respect to an ITP submitted pursuant to Section 14.2 of this Appendix A, a Study Team shall evaluate such ITP as a proposed solution for a Need(s).

4.2 Study Teams to Develop Proposed Projects Other than in Response to Needs

Pursuant to sections 7.1 (Single System Projects) and 8.1 (Capacity Increase Projects) below of this Appendix A, Study Teams may develop Proposed Projects other than to address Needs.

4.3 Participation in Study Teams

Any Planning Party, Affected Person, or Relevant State and Provincial Agency or other Interested Person may participate in a Study Team, with the exception that participation in a Requested Service Project Study Team may be limited due to tariffs or applicable law. TOPP(s) that are potentially materially affected by an EOP Need or a Proposed EOP shall participate in the Study Team relating to such EOP Need or Proposed EOP. With respect to an EOP, the TOPP(s) primarily affected by the EOP Need or a Proposed EOP shall assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to a Proposed Requested Service Project, the TOPP(s) receiving a transmission service or interconnection request shall assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to a Proposed Single System Project or Proposed Capacity Increase Project for which the Project's sponsor has requested that a Study Team assist in Project development, the Planning Party proposing such Project shall assume primary responsibility for leading and performing necessary analytical work in the Study Team. With respect to an ITP, and consistent with Section 14.3 of this Appendix A, the TOPP(s) or ITP Proponent(s) that submitted the ITP is to assume primary responsibility for leading and performing necessary analytical work for such ITP in the Study Team.

At such time that ColumbiaGrid determines that a TOPP that is not involved may be materially affected by the proposed solution being developed, ColumbiaGrid shall so notify such TOPP, and such TOPP shall participate in the Study Team.

ColumbiaGrid shall participate in each Study Team and, as needed, manage and facilitate the Study Team process. ColumbiaGrid shall post drafts of summaries of the progress of the Study Teams, including developing plans of service.

4.4 Formation of Study Teams

Staff shall hold a public meeting, with general notice to Planning Parties and Relevant State and Provincial Agencies and other Interested Persons and specific notice to those TOPPs that ColumbiaGrid anticipates may be affected, for the purpose of reviewing each Need Statement(s) and soliciting participation in a Study Team to address each Need Statement. Staff shall also inform Planning Parties and Interested ~~Parties~~Persons regarding those Study Teams that have been requested in accordance with this Agreement for purposes other than addressing Needs. Staff shall also consider convening Study Teams that address more than one Need Statement. Staff shall monitor the progress of each Study Team and will, as appropriate, bring Study Teams together in order to resolve differences, gain efficiencies or effectiveness, or develop solutions that meet more than one Need Statement.

5. Development of EOPs After Development of Need Statements

5.1 Formation of Study Teams

Pursuant to section ~~4.4~~4.4 of this Appendix A, ColumbiaGrid shall form Study Team(s) to develop a proposed solution to address an EOP Need(s) in an EOP Need Statement(s). When such Study Teams have been formed, ColumbiaGrid shall give specific notice to those TOPPs that ColumbiaGrid anticipates may be affected.

5.2 Elements of an EOP

An EOP in a Biennial Plan (or Plan Update) shall include the following elements: a plan of service describing the modifications to the RIS to be made, list of Persons to make such modifications, estimated costs, schedule, cost allocation, allocation of transmission capacity increased or maintained by an EOP, and appropriate mitigation of Material Adverse Impacts resulting from such EOP; *provided that* an EOP shall not impose unmitigated Material Adverse Impacts on the RIS.

5.3 Non-Transmission Alternatives

As part of the Study Team process, the Study Team shall as provided in section 2.4 above of this Appendix A evaluate, using factors that include those identified in section ~~2.3~~2.3 above of this Appendix A, any Non-Transmission Alternative proposed by a Study Team participant. If the Study Team determines that such alternative has a reasonable degree of development, eliminates or defers the EOP Need(s) being studied by the Study Team, and is reasonable and adequate under such criteria, the Non-Transmission Alternative should be noted in the Plan and, if adopted by the Person on whose Electric System it would be located, included in the assumptions used in future system assessments, subject to subsequent updates on the status of such Non-Transmission Alternative.

5.4 Completion of a Proposed EOP

With respect to a Near-Term EOP, a Proposed EOP is ready for inclusion in a Draft Biennial Plan when all of the following that have actively participated in the Study Team have consented to each element of such Proposed EOP: Persons who would be identified as a Designated Person in section 6.1 of the body of this Agreement and any Person who would bear Material Adverse Impacts from such Proposed EOP if not for the mitigation included in such Proposed EOP.

In the event that such Affected Persons do not reach agreement on any element(s) of a ~~Proposed~~proposed Near-Term EOP, the Staff shall make a recommendation for any unresolved element(s) of a ~~Proposed~~proposed Near-Term EOP and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff shall inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement among the Affected Persons, the Staff shall include its recommendation

in the Draft Plan. In such event, ColumbiaGrid shall, in the absence of an Order 1000 Cost Allocation, endeavor to make an equitable allocation of the costs of a Staff-Recommended EOP taking into account (i) the causation of the EOP Need giving rise to such EOP or (ii) the delay or elimination during the Planning Horizon of any EOP Need as a result of such EOP. Where there are two affected TOPPs, and one has an EOP Need and the best way to meet that EOP Need is to upgrade facilities on the other TOPP's system, ColumbiaGrid shall allocate costs in a form of Facilities Agreement to the TOPP causing the EOP Need. ColumbiaGrid may also allocate costs to a TOPP in a Facilities Agreement whose EOP Need does not give rise to the Staff-Recommended EOP but that has an EOP Need during the Planning Horizon that is met by such Staff-Recommended EOP; *provided that* ColumbiaGrid shall not allocate costs to such TOPP in an amount that exceeds the cost that would have been incurred by such TOPP had it met its EOP Need with a separate EOP. The Staff shall not allocate costs based upon other potential future system benefits. When the Staff submits the Draft Plan to the Board for approval, the Staff shall identify such elements and shall include a summary analysis of minority positions on any aspect of such Staff-Recommended EOP.

6. Requested Service Projects

6.1 Receipt of Transmission Service or Interconnection Request

Each TOPP shall receive new transmission and interconnection requests in accordance with such TOPP's procedures; *provided that* if ColumbiaGrid offers a functional agreement to provide processing services for transmission or interconnection requests in addition to those provided in this Agreement, eligible TOPPs may sign such agreement. With respect to any request for transmission service or interconnection received by any Planning Party, nothing in this Agreement shall preclude any Planning Party from responding if and as such Planning Party determines is appropriate under its OATT.

6.2 Requested Service Assessment; Formation of Study Teams

When a TOPP has a completed transmission service application, determines that it does not have sufficient capacity to serve such request and reasonably believes that the requested service may impact a transmission system other than that of such TOPP, and the customer has indicated to the TOPP that it wants to pursue further study, such TOPP shall notify ColumbiaGrid that it has a request for a study. ColumbiaGrid shall perform a Requested Service Assessment to determine which transmission systems, including those of non-Planning Parties, are affected.

When a TOPP has received an interconnection request and reasonably believes that such request or a Proposed Project to satisfy the request will affect a transmission system other than that of such TOPP, such TOPP shall notify ColumbiaGrid of such request and such determination. ColumbiaGrid shall perform a Requested Service Assessment to determine which transmission systems, including those of non-Planning Parties, are affected.

In each such instance above in this section 6.2, ColumbiaGrid shall notify those Persons it determines are potentially Affected Persons and convene a Study Team, which should develop a

study agreement in accordance with the TOPP's policies and procedures; *provided that* participation in Study Teams convened for an interconnection request may be limited consistent with such TOPP's OATT and applicable law. ColumbiaGrid, in consultation with Planning Parties and Interested Persons, shall cluster requests for purposes of performing studies when practical. The TOPP with the request shall inform its transmission or interconnection requesting Person regarding the needed study and the estimated costs. If the transmission or interconnection requesting Person is willing to assume the costs of such study and instructs the TOPP to proceed, the Study Team shall develop a solution to provide sufficient capacity to serve the request.

Upon execution of a study agreement, ColumbiaGrid will (subject to any applicable confidentiality requirements under the OATT under which the transmission or interconnection service request was submitted) post the request, information concerning any clustering of the request, the identity of the parties to the study agreement, and the study schedule, and will from time to time update the posting to provide other pertinent information.

6.3 Elements of a Requested Service Project

The Study Team shall collaboratively develop a Proposed Requested Service Project. Each TOPP that receives a transmission service or interconnection request shall retain its obligation under its OATT to perform studies, with participation of the requestor as appropriate in accordance with the TOPP's procedures. A Requested Service Project in a Biennial Plan (or Plan Update) shall include the following elements: a plan of service, estimated costs, transmission capacity allocation, cost and ownership allocation, and schedule.

6.4 Completion of a Proposed Requested Service Project

A Proposed Requested Service Project is ready for inclusion in a Draft Plan when (i) all of the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team have agreed to each element of such Proposed Requested Service Project, (ii) the Study Team has confirmed that such Project meets the request and has appropriately mitigated Material Adverse Impacts resulting from such Project on any transmission systems, and (iii) the requestor has agreed to pursue the Project. Such Proposed Requested Service Project may be memorialized in a Project agreement prior to its inclusion in a Draft Plan and, in such instance, is being included in such Draft Plan for informational purposes. In the event that such Affected Persons do not reach agreement on a Proposed Requested Service Project in whole or in part within a reasonable time, Staff shall make a recommendation for any unresolved element(s) and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff shall inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement amongst the Affected Persons, the Staff will develop a recommended plan of service. If there is an accompanying EOP Need which can be delayed or eliminated by the Staff-Recommended Requested Service Project within the Planning Horizon, ColumbiaGrid shall, in the absence of an Order 1000 Cost Allocation, endeavor to make an equitable allocation of costs of such Staff-Recommended Requested Service Project based upon the affected TOPP's OATT requirements and the delay or elimination of the EOP Need. ColumbiaGrid may allocate costs in a Facilities Agreement to a TOPP that has an EOP Need

during the Planning Horizon that is met by the Staff-Recommended Requested Service Project; *provided that* ColumbiaGrid shall not allocate costs in an amount that exceeds the cost that would have been incurred by such TOPP had it met its EOP Need with a separate potential EOP. The Staff shall not allocate costs based upon other potential future system benefits. A Staff-Recommended Requested Service Project shall not have any unmitigated Material Adverse Impacts resulting from such Project on any transmission systems. The Staff may present more than one Staff-Recommended Requested Service Project for the Board to select from. When the Staff submits the Staff Recommended Project to the Board for approval, the Staff shall identify any unresolved element(s) and shall include a summary analysis of positions advanced by any Affected Persons on such unresolved element(s). If the Staff-Recommended Requested Service Project is approved by the Board and agreed upon by the requestor and all Affected Persons it will be included in the Plan.

7. Single System Projects

7.1 Notification of Single System Projects

Each Planning Party shall advise ColumbiaGrid of any Single System Projects that it is planning on its Transmission System. Single System Projects may be for purposes of addressing a Need(s) or for another purpose.

If the system assessment performed by Staff under section 3 of this Appendix A identifies an EOP Need on a single Transmission System, Staff shall inform the subject TOPP of such EOP Need and, if such TOPP concludes that such EOP Need may be resolved on its Transmission System, the TOPP shall inform ColumbiaGrid of such resolution. In such instances, the Staff will include such EOP Need in the Draft System Assessment Report for informational purposes.

7.2 Formation of Study Team to Evaluate Material Adverse Impacts

If any Affected Person requests a Study Team to evaluate Material Adverse Impacts resulting from a potential Single System Project at a “section 3 meeting” to discuss the Draft System Assessment Report and Need Statements and if a Study Team has not otherwise been requested pursuant to section 7.3 below of this Appendix A for such Project, ColumbiaGrid shall convene a Study Team to evaluate Material Adverse Impacts. If there are no unmitigated Material Adverse Impacts, ColumbiaGrid shall include such potential Single System Project in the Plan as a Single System Project for informational purposes and include such Single System Project in future system assessments, subject to subsequent updates on the status of such Project. If there are unmitigated Material Adverse Impacts, such potential Project is not a Single System Project.

7.3 Formation of Study Team for Project Development

If a TOPP requests in accordance with section 10 of this Appendix A an Order 1000 Cost Allocation for a Proposed Single System Project on its Transmission System, such TOPP must develop such Project through a ColumbiaGrid Study Team. Upon receipt of such a request, ColumbiaGrid will convene a Study Team for development of such Project.

A Single System Project in a Biennial Plan (or Plan Update) developed by a Study Team convened for development of such Project shall include the following elements: a plan of service, estimated costs, cost allocation, if any, and schedule.

In the event that Affected Persons do not reach agreement on any element(s) of such Proposed Single System Project, and the Sponsor has not withdrawn its request for an Order 1000 Cost Allocation, the Staff shall make a recommendation for any unresolved element(s) of such Project and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff shall inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement among the Affected Persons, the Staff shall include its recommendation in the Draft Plan.

8. Capacity Increase Projects

8.1 Notification of Capacity Increase Projects

Each Planning Party shall advise ColumbiaGrid of any Capacity Increase Projects that it is planning or anticipates participating in on the RIS. Capacity Increase Projects may be for purposes of addressing a Need(s) or for another purpose.

8.2 Formation of Study Team

8.2.1 Formation of Study Team for Project Development. If the Proposed Project's sponsor requests a Study Team for Project development, ColumbiaGrid will convene such Study Team for such purpose. In the event that Affected Persons do not reach agreement on any element(s) of a Proposed Capacity Increase Project developed by a Study Team convened for Project development of such Project, and the Project's sponsor(s) so requests, the Staff shall make a recommendation for any unresolved element(s) of such Project and may, as the Staff finds appropriate, present fully-developed alternatives for the Board's consideration. The Staff shall inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement among the Affected Persons, the Staff shall include its recommendation in the Draft Plan.

8.2.2 Formation of Study Team for Evaluation of Material Adverse Impacts. If any Affected Person requests a Study Team to evaluate Material Adverse Impacts resulting from a Proposed Capacity Increase Project for which a Study Team has not otherwise been requested pursuant to section ~~8.2.1~~8.2.1 of this Appendix A, ColumbiaGrid shall convene a Study Team to evaluate Material Adverse Impacts.

8.3 Elements of Capacity Increase Project

A Capacity Increase Project in a Biennial Plan (or Plan Update) shall include the following elements: plan of service, estimated costs, the expected amount of transmission capacity added for each new or existing path, reasons for the Project, alternatives considered using the solution evaluation factors described in section ~~2.3~~2.3 of this Appendix A, the Persons who are responsible

for the costs and construction of the Project, the owners and operators of the added facilities, schedule, including estimated completion date, transmission rights allocation, Material Adverse Impacts, if any, and any mitigation of Material Adverse Impacts; *provided that* any unmitigated Material Adverse Impacts shall be subject to resolution in the WECC regional planning or path rating process.

8.4 Request for Cost Allocation for Proposed Capacity Increase Project

In the absence of an Order 1000 Cost Allocation, a TOPP may request a cost allocation recommendation from ColumbiaGrid on a Proposed Capacity Increase Project if the related Study Team is unable to come to voluntary agreement on the cost allocation. This recommendation is non-binding but can be used by the Study Teams to facilitate agreement on cost allocation. If ColumbiaGrid is otherwise unable to arrive at a non-binding recommendation for cost allocation as provided in this section, 8.4, ColumbiaGrid's non-binding recommendation shall be to allocate 100 percent of the costs of such Proposed Capacity Increase Project among the Persons participating in such Project in proportion to the expected amount of added transmission capacity to be received by each such Person from such Project.

9. Expanded Scope Projects

9.1 Assessing Interest in Expanding the Scope of a Proposed Project

Prior to including any Proposed Project (other than an ITP) in a Draft Biennial Plan or Draft Plan Update, the Staff shall determine, in an open process, whether there is interest in expanding the scope of such Proposed Project; *provided that* absent agreement of the TOPP(s) whose Transmission System(s) has a projected EOP Need, consideration of the request to expand the scope of a Proposed EOP may not unreasonably delay Project development beyond the point where there is sufficient lead time for the original Project to be completed to meet such Need or as otherwise required.

9.2 Formation of Study Team

If there is interest, Staff shall establish a Study Team to evaluate and develop the expansion. Those Planning Parties or Interested Persons who are interested in becoming Project sponsors shall assume primary responsibility for leading and performing necessary analytical work, and shall be responsible for the study costs of evaluating the expansion.

9.3 Completion of a Proposed Expanded Scope Project

The Staff shall assist the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team in resolving transmission capacity rights issues if such Persons are unable to reach agreement. A Proposed Expanded Scope Project shall be included in a Plan (or Draft Biennial Plan or Draft Plan Update) in lieu of the Project without expansion only when (i) the sponsors of the expansion have agreed to fund the incremental cost of such Proposed Expanded Scope Project, (ii) each sponsor of the Project as originally configured would receive

equivalent or better service (including meeting the applicable Need(s)) at no greater cost than it would have paid for the original Project, and (iii) such Proposed Expanded Scope Project would not have unmitigated Material Adverse Impacts.

9.4 Cost Allocation Recommendations for Expanded Scope Project and Project with Multiple Classifications

An Expanded Scope Project may be a combination of one or more EOPs, Requested Service Projects, Capacity Increase Projects, and Single System Projects. The provisions governing ColumbiaGrid cost allocation recommendations for such types of Projects will be applied to the various portions of any Expanded Scope Project and Projects with Multiple Classifications as applicable.

10. Order 1000 Projects and Cost Allocation

10.1 Qualification as an Order 1000 Project

A Proposed Project may qualify for and receive an Order 1000 Cost Allocation only if (i) such Proposed Project's Order 1000 Sponsor(s) makes a timely request in accordance with section 10.1.1 below of this Appendix A that such Proposed Project be selected as an Order 1000 Project, (ii) such Proposed Project's Order 1000 Sponsor(s) meets the requirements set out in section 10.1.2.1 below of this Appendix A, ~~and~~ (iii) such Proposed Project is selected as an Order 1000 Project in accordance with section 10.1.2 below of this Appendix A, and (iv) if the Proposed Project is an ITP, the Order 1000 Sponsor also requests Interregional Cost Allocation for such Proposed Project in accordance with sections 13.5.1 and 14.4 of this Appendix A.

10.1.1 Timely Request for Selection as Order 1000 Project. Not later than 60 days after the issuance of the final Study Team report including the plan of service to address a Need(s), an Order 1000 Sponsor of a Proposed Project that is in such plan of service may request Order 1000 Cost Allocation for such Proposed Project; *provided that* with respect to a Proposed Single System Project, such Project's Order 1000 Sponsor must request Order 1000 Cost Allocation at the time such sponsor requests a Study Team for Project development in accordance with section 7.3 of this Appendix A. Any request for an Order 1000 Cost Allocation shall be submitted in writing to ColumbiaGrid. ColumbiaGrid shall post all such requests on its Website, and distribute copies of such requests to all Planning Parties and participants in the Study Team for the Proposed Project for which Order 1000 Cost Allocation has been requested. Any request submitted after the applicable foregoing deadline is not timely and will not result in consideration of a Proposed Project for selection as an Order 1000 Project for the ~~plan~~Plan then under development.

10.1.2 Selection as Order 1000 Project. No later than 30 days after the later of (i) the issuance of the final Study Team report with respect to a Proposed Project, including the plan of service to address the applicable Need(s) and (ii) the receipt by ColumbiaGrid of a timely request pursuant to section 10.1.1 above of this Appendix A for Order 1000 Cost Allocation for such Proposed Project, the Staff shall make a preliminary determination whether such Project

qualifies as an Order 1000 Project pursuant to section 10.1.2.1 below of this Appendix A. ColumbiaGrid shall document Staff's preliminary determination in writing, post such determination on its Website, distribute such determination to Planning Parties and participants in the Study Team for the Proposed Project for which Order 1000 Cost Allocation has been requested, and communicate to its Interested Persons distribution list that such a determination has been posted on its Website. Planning Parties and Interested Persons shall have 30 days to provide written comments on the Staff's preliminary determination. After considering such written comments and modifying its preliminary determination as the Staff finds appropriate, the Staff shall present its determination to the Board for review and comment.

The Order 1000 Sponsor(s) that requested Order 1000 Cost Allocation for a Proposed Project in accordance with this section 10 may withdraw its request for such Order 1000 Cost Allocation at any time; *provided that* after ColumbiaGrid's release of a draft Preliminary Cost Allocation Report for such Project, ColumbiaGrid shall not make a Non-Order 1000 Cost Allocation with respect to such Project. Such request may be withdrawn by submitting notice of withdrawal of such request to ColumbiaGrid in writing. In the event that more than one Order 1000 Sponsor has requested Order 1000 Cost Allocation for such Project, and ColumbiaGrid has determined that it is an Order 1000 Project in accordance with this section 10.1.2, so long as at least one such sponsor's request has not been withdrawn, ColumbiaGrid shall apply the Order 1000 Cost Allocation Methodology to such Order 1000 Project.

If all Order 1000 Sponsors that requested an Order 1000 Cost Allocation for a Proposed Project timely withdraw such requests in accordance with this section, 10.1.2, the Proposed Project shall not be identified as an Order 1000 Project in the Biennial Plan. In such an instance, however, if such Project would receive a Non-Order 1000 Cost Allocation under this Agreement had an Order 1000 Sponsor not requested Order 1000 Cost Allocation, ColumbiaGrid shall make a Non-Order 1000 Cost Allocation in accordance with this Agreement.

10.1.2.1 Order 1000 Project Selection Criteria. As part of the open, transparent, and collaborative development of a plan of service to address Need(s) pursuant to section 4 of this Appendix A, the Study Team or ColumbiaGrid, as appropriate, shall evaluate and determine whether the following criteria are met:

- (i) the Order 1000 Sponsor's(s') proposed Order 1000 Project:
 - a. meets such Need(s);
 - b. is confirmed by the Study Team or ColumbiaGrid, as appropriate, to be the more cost effective and/or efficient solution to meet such Need(s);
 - c. has been developed by a Study Team and been included in the related plan of service; and

d. Order 1000 Cost Allocation for such Project has been timely requested (and such request has not been withdrawn by all Order 1000 Sponsors of such Project) pursuant to section 10.1.1 of this Appendix A;

and

(ii) the Order 1000 Sponsor(s):

a. is found by ColumbiaGrid to meet the Order 1000 Sponsor qualifications set out below in section 10.1.2.2 of this Appendix A; *provided that* if ColumbiaGrid finds that the Order 1000 Sponsor(s) does not meet such qualifications, ColumbiaGrid shall give to such Order 1000 Sponsor(s) written notice describing the deficiencies, and such Order 1000 Sponsor(s) shall have 30 days after receipt of such notice to cure such deficiencies; and

b. has submitted required information on a timely basis, including Project data and Project development schedule, indicating required steps, such as granting of state, federal, and local approvals necessary to develop and construct the Proposed Project so as to timely meet the Need(s); *provided that* data relating to Order 1000 Sponsor qualifications must be submitted at or before the time such Order 1000 Sponsor(s) requests Order 1000 Cost Allocation.

If the Order 1000 Sponsor(s) and its Proposed Project meet the above-listed criteria, ColumbiaGrid shall select the Proposed Project as an Order 1000 Project. To the extent the Order 1000 Sponsor(s) and its Proposed Project do not meet the criteria in this section ~~10.1.2~~, 10.1.2 of this Appendix A, ColumbiaGrid shall not select the Proposed Project as an Order 1000 Project and shall document in the Draft Plan and Biennial Plan an explanation of why such Project was not selected as an Order 1000 Project.

10.1.2.2 Order 1000 Sponsor Qualifications. In determining eligibility for selection as an Order 1000 Project pursuant to this section, ~~10.1.2.2~~, 10.1.2.2, ColumbiaGrid shall review the qualifications of any Order 1000 Sponsor to determine whether such Order 1000 Sponsor is technically, financially, and otherwise capable of:

(i) developing, licensing, and constructing the Proposed Project for which Order 1000 Cost Allocation has been requested pursuant to this section 10 in a timely and competent manner; and

(ii) owning, operating, and maintaining the proposed Order 1000 Project facilities consistent with Good Utility Practice and applicable reliability criteria for the life of such proposed Order 1000 Project.

Such Order 1000 Sponsor must be a TOPP or an ITP Proponent, as the case may be, at the time Order 1000 Cost Allocation is requested in accordance with this section 10 for the proposed

Order 1000 Project. The following factors will be considered in determining such Order 1000 Sponsor's eligibility:

- a. the current and expected capabilities of the Order 1000 Sponsor to finance, seek licenses, plan, design, develop, and construct the proposed Order 1000 Project on a timely basis consistent with the proposed schedule and to own, reliably operate, and maintain such Project for the life of such Project;
- b. the financial resources of the Order 1000 Sponsor;
- c. demonstrated capability of the Order 1000 Sponsor to adhere to construction, maintenance, and operating practices consistent with Good Utility Practices with respect to facilities such as the proposed Order 1000 Project;
- d. demonstrated ability of the Order 1000 Sponsor to assume liability for major losses resulting from the failure of or damage to facilities that may be associated with the proposed Order 1000 Project; and
- e. demonstrated cost containment capability and other advantages or disadvantages the Order 1000 Sponsor may have in developing and constructing the proposed Order 1000 Project.

10.2 Opportunity for Voluntary Implementation of Plan of Service

After ColumbiaGrid has selected a Proposed Project as an Order 1000 Project in accordance with section 10.1.2 above of this Appendix A, ColumbiaGrid shall allow six full calendar months and such additional time, if any, as requested by all Order 1000 Sponsors and other Affected Parties with respect to such Project for the Order 1000 Sponsors and other Affected Parties to reach agreement on Project implementation, including responsibility for the funding of such Project. If, after six full calendar months and such additional time, if any, as has been requested by all Order 1000 Sponsors and other Affected Parties with respect to such Project has elapsed, such an agreement has not been reached, ColumbiaGrid shall apply the Order 1000 Cost Allocation Methodology as set forth in section 10.3 below of this Appendix A to such Project.

10.3 Application of Order 1000 Cost Allocation Methodology

Unless the Order 1000 Sponsor(s) requesting Order 1000 Cost Allocation for such Order 1000 Project has timely withdrawn its request for Order 1000 Cost Allocation or agreement has been reached on Project implementation pursuant to section 10.2 above of this Appendix A, ColumbiaGrid shall apply the Order 1000 Cost Allocation Methodology to the Order 1000 Project in accordance with the following.

10.3.1 Order 1000 Project Costs. ColumbiaGrid shall project the costs of such Order 1000 Project. Such projection may be based on information provided by the Order 1000 Sponsor(s), the Study Team, and ColumbiaGrid. In developing such projection, ColumbiaGrid

may also seek the input of others, including third-party experts. ColumbiaGrid shall document the basis for its projection and make supporting information available, to the extent practicable, consistent with any applicable CEII and confidentiality requirements.

10.3.2 Order 1000 Benefits and Beneficiaries. ColumbiaGrid shall identify any Order 1000 Beneficiaries and project the Order 1000 Benefits of each such beneficiary projected as a direct result of such Order 1000 Project.

10.3.2.1 Analytical Tools. Analytical tools used shall, as appropriate, include:

- (i) power flow and stability studies to project the extent, if any, to which any TOPP would avoid costs due to elimination or deferral of planned transmission facility additions;
- (ii) power flow and stability studies to project changes in transfer capability;
and
- (iii) production cost studies to project the estimated usage of any such changes in transfer capability.

Consideration of existing TOPP transmission or interconnection service queue requests may be included in projecting the estimated usage of such changes in transfer capability.

10.3.2.2 Calculation of Order 1000 Benefits. For purposes of calculating Order 1000 Benefits under item (i)a. of section ~~4.37~~1.46 of the body of this Agreement,

- (i) the avoided costs of deferred transmission facilities will be the borrowing costs (*i.e.*, interest costs) projected to be avoided during the Planning Horizon as a result of the deferral of the capital investment of such deferred facilities (rather than the capital costs themselves of such facilities) plus the incremental operations and maintenance costs of such deferred facilities projected to be avoided during the Planning Horizon; and
- (ii) the avoided costs of eliminated transmission facilities during the Planning Horizon will be the portion of the projected avoided depreciation expense of such eliminated facilities that falls within the Planning Horizon plus the projected incremental operation and maintenance costs of such eliminated facilities avoided during the Planning Horizon (such projected avoided depreciation expense shall be determined using straight-line depreciation of the projected capital costs of such eliminated facilities over their depreciable lives).

For purposes of calculating Order 1000 Benefits under item (i)b.1. of section ~~4.37~~1.46 of the body of this Agreement, the projected cost that the TOPP(s) would, but for the Order 1000 Project, have otherwise incurred shall be:

- a. the portion, falling within the Planning Horizon, of the projected depreciation expense of the transmission facilities that, in the absence of the Order 1000 Project, would have been incurred by such TOPP(s) to achieve an increase in capacity on its Transmission System(s) equivalent to that resulting from such Order 1000 Project (such projected depreciation expense shall be determined using straight-line depreciation of the projected capital costs of such facilities over their depreciable lives); plus
- b. the projected incremental operation and maintenance costs of such transmission facilities avoided by such TOPP(s) during the Planning Horizon as a direct result of the Order 1000 Project.

For purposes of section 10.3.3 below of this Appendix A, the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s) shall be equal to the projected capital costs of the Order 1000 Project if it is not an ITP or the Assigned Regional Costs from Interregional Cost Allocation for such Order 1000 Project if it is an ITP.

An increase in capacity of a Transmission System of a TOPP that results from any Order 1000 Project shall be deemed to be owned by such TOPP unless otherwise agreed to in writing by such TOPP.

10.3.3 Cost Allocation. For purposes of the Order 1000 Cost Allocation for an Order 1000 Project, ColumbiaGrid shall allocate the costs of such Order 1000 Project, or, if such Order 1000 Project is an ITP, the Assigned Regional Costs from Interregional Cost Allocation of such ITP, as follows.

10.3.3.1 ColumbiaGrid shall allocate to each Order 1000 Beneficiary that is not an Order 1000 Sponsor an amount of the projected costs of such Order 1000 Project equal to the lesser of:

- (i) such beneficiary's Order 1000 Benefits; or
- (ii) the product of the projected costs of such Order 1000 Project if such Order 1000 Project is not an ITP or, if such Order 1000 Project is an ITP, the Assigned Regional Costs from Interregional Cost Allocation of such ITP, multiplied by a fraction, the numerator of which is equal to such beneficiary's Order 1000 Benefits and the denominator of which is equal to the sum of the following: (1) the sum of the Order 1000 Benefits of all Order 1000 Beneficiaries of such Project that are not an Order 1000 Sponsor of such Project, plus (2) the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s).

Such allocation to each Order 1000 Beneficiary that is not an Order 1000 Sponsor may be algebraically represented as follows:

| | | |
|---|---|---|
| Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) <u>for any Order 1000 Project that is not an ITP</u> | = | The lesser of: (1) Such Order 1000 Beneficiary's Order 1000 Benefits, or (2) the product of the projected costs of the Order 1000 Project x (such Order 1000 Beneficiary's Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s))) |
|---|---|---|

| | | |
|---|---|---|
| <u>Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) for any Order 1000 Project that is an ITP</u> | = | <u>The lesser of:</u> <u>(1) Such Order 1000 Beneficiary's Order 1000 Benefits, or</u> <u>(2) the product of the Assigned Regional Costs from Interregional Cost Allocation of such ITP x (such Order 1000 Beneficiary's Order 1000 Benefits/((sum of the Order 1000 Benefits of all Order 1000 Beneficiaries that are not an Order 1000 Sponsor of such Project) + (the aggregate Order 1000 Benefits of the Order 1000 Sponsor(s)))</u> |
|---|---|---|

10.3.3.2 ColumbiaGrid shall allocate to the Order 1000 Sponsor(s) in aggregate an amount of the projected costs of such Order 1000 Project if such Order 1000 Project is not an ITP or, if such Order 1000 Project is an ITP, the Assigned Regional Costs from Interregional Cost Allocation of such ITP, equal to the amount, if any, by which ~~the~~ such projected costs or Assigned Regional Costs from Interregional Cost Allocation of such Order 1000 Project exceed the sum of the projected costs of such Order 1000 Project allocated pursuant to section 10.3.3.1 above of this Appendix A to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor.

Such allocation to ~~Order 1000 Beneficiary(ies) that are~~ Order 1000 Sponsor(s) may be algebraically represented as follows:

| | | |
|---|---|---|
| <p>The sum of the Order 1000 Cost Allocation(s) to the Order 1000 Beneficiary(ies) Sponsor(s) <u>in aggregate for any Order 1000 Project that is not an Order 1000 Sponsor ITP</u></p> | = | <p>The amount, if any, by which: (1) the projected costs of such Order 1000 Project exceed (2) the sum of the projected costs of such Order 1000 Project allocated to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor(s)</p> |
|---|---|---|

| | | |
|--|---|---|
| <p><u>The Order 1000 Cost Allocation(s) to the Order 1000 Sponsor(s) (including any Order 1000 Sponsor(s) that is not a TOPP) in aggregate for any Order 1000 Project that is an ITP</u></p> | = | <p><u>The amount, if any, by which: (1) the Assigned Regional Costs from Interregional Cost Allocation of such ITP, exceed (2) the sum of the projected costs of such Order 1000 Project allocated to all Order 1000 Beneficiary(ies) that are not an Order 1000 Sponsor(s)</u></p> |
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10.4 Preliminary Order 1000 Cost Allocation Report

The Staff shall document in a draft Preliminary Order 1000 Cost Allocation Report the selection of any Proposed Project as an Order 1000 Project and the results of Staff's application of the Order 1000 Cost Allocation Methodology to such Project.

Subject to any applicable provisions for protection of Confidential Information and CEII, the Staff shall share its draft Preliminary Order 1000 Cost Allocation Report with any TOPPs and ITP Proponents that have been identified in such draft report as Order 1000 Beneficiaries, the Study Team that developed such Proposed Project, and any Interested Person who requests such report, and shall provide an opportunity for written comment for a period of 30 days following the issuance of such draft report. The Staff shall evaluate any written comments and reflect them in a Preliminary Order 1000 Cost Allocation Report as follows:

- (i) if the Staff agrees with any revisions proposed by a potential Order 1000 Beneficiary, Study Team participant, or Interested Person, the Staff shall reflect such revisions in the Preliminary Order 1000 Cost Allocation Report accordingly; and
- (ii) if the Staff disagrees with any revisions proposed by a potential Order 1000 Beneficiary, Study Team participant, or Interested Person, the Staff shall summarize the proposed revisions and document the reason why the Staff did not accept the proposed revisions in the Preliminary Order 1000 Cost Allocation Report.

After the Staff has prepared its Preliminary Order 1000 Cost Allocation Report with respect to an Order 1000 Project, ColumbiaGrid shall allow additional time, if requested by one or more Affected Persons with respect to such Project, for such Affected Persons to reach agreement on Project implementation, including responsibility for the funding of such Project. If after such

additional time, if any, such an agreement has not been reached, the Staff shall include such Preliminary Order 1000 Cost Allocation Report in the Draft Plan.

10.5 Board Approval of Order 1000 Cost Allocation

The Board shall review the Preliminary Order 1000 Cost Allocation Report, including the selection of a Proposed Project as an Order 1000 Project, as part of its adoption of the ~~Biennial~~ Plan and, as set out in section 11.2 below of this Appendix A, the Board shall review the Draft Plan in an open, public process. If such Preliminary Order 1000 Cost Allocation Report is acceptable in its entirety, the Board shall approve and finalize such report as part of its adoption of the ~~Biennial~~ Plan, and the approved and finalized Order 1000 Cost Allocation Report shall be included in such ~~Biennial~~ Plan. Any report not approved by the Board may be remanded to the Staff which may, in cooperation with the Study Team, revise the Preliminary Order 1000 Cost Allocation Report and resubmit it to the Board; *provided that* the Board may modify a Preliminary Cost Allocation Report to the extent such modification is supported by the record.

11. Process for Adoption of Plans

11.1 Draft Plan

11.1.1 Contents of Draft Plan. The Staff shall prepare a Draft Plan based upon the ColumbiaGrid transmission planning process that contains the following Projects and information.

(i) Recommended Projects

a. EOPs

1. Recommended Near-Term EOPs

A. Recommended Near-Term EOPs, including an analysis of how such Projects meet their respective EOP Needs and a verification that each EOP does not result in unmitigated Material Adverse Impacts on any transmission system; and

B. Staff-Recommended Near-Term EOPs, including an analysis of how such Projects meet their respective EOP Needs, a verification that each such EOP does not result in unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other Staff-recommended elements, such as cost or capacity allocation; *provided that* Staff may only submit recommendations for Near-Term EOPs for which the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team have been unable to reach agreement in whole or in part; *provided further that* the Staff shall also provide

for informational purposes the alternative opinions developed during the study process;

2. Recommended EOPs that the Affected Parties agree are ready for implementation, including an analysis of how such Projects meet their underlying EOP Needs and a verification that each such Project does not result in Material Adverse Impacts on any transmission system;

3. A list of alternative plans of service for EOPs that were identified and considered in the ColumbiaGrid transmission planning process for possible inclusion in the Draft Plan; and

4. A list of Non-Transmission Alternatives that resulted in a deferral or elimination of an EOP Need;

b. Recommended Requested Service Projects

1. Recommended Requested Service Projects, including an analysis of how such Projects meet the underlying transmission service and interconnection requests and a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system;

2. Staff-Recommended Requested ~~Transmission~~Service Projects, including an analysis of how such Projects meet the underlying transmission service or interconnection requests and a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other Staff-recommended elements;

3. A list of Non-Transmission Alternatives, if any, that could result in a deferral or elimination of a Requested Service Project; and

4. A list of alternative plans of service for Requested Service Projects that were identified and considered in the ColumbiaGrid transmission planning process for possible inclusion in the Draft Plan;

c. Capacity Increase Projects

1. Recommended Capacity Increase Projects, including an analysis of how any such Project that is proposed to address a Need(s) addresses such Need and a verification that each Recommended Capacity Increase Project does not result in any unmitigated Material Adverse Impacts on any transmission system;

2. Staff-Recommended Capacity Increase Projects, including an analysis of how any such Project that is proposed to address a Need(s) addresses such Need and a verification that each Staff-Recommended Capacity Increase Project does not result in any unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other Staff-recommended elements; *provided further that* the Staff shall also provide for informational purposes the alternative solutions, opinions, and plans of service to such Capacity Increase Projects that were identified and considered in the ColumbiaGrid transmission planning process for possible inclusion in the Draft Plan;

3. Capacity Increase Projects submitted for inclusion in the Draft Plan for informational purposes;

4. An identification of unmitigated Material Adverse Impacts on any transmission system;

5. A list of Non-Transmission Alternatives, if any, that could result in a deferral or elimination of a Capacity Increase Project; and

6. A list of alternative plans of service, if any, that were identified and considered in the ColumbiaGrid transmission planning process for possible inclusion in the Draft Plan;

d. Single System Projects for which the Order 1000 Sponsor has requested a Study Team for Project development;

1. Recommended Single System Projects, including an analysis of how any such Project that is proposed to address a Need(s) addresses such Need and a verification that each Recommended Single System Project does not result in any unmitigated Material Adverse Impacts on any transmission system;

2. Staff-Recommended Single System Projects, including an analysis of how any such Project that is proposed to address a Need(s) addresses such Need and a verification that each Staff-Recommended Single System Project does not result in any unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other Staff-recommended elements; *provided further that* the Staff shall also provide for informational purposes the alternative solutions, opinions, and plans of service to such Single System Projects that were identified and considered in the ColumbiaGrid transmission planning process for possible inclusion in the Draft Plan; and

3. A list of Non-Transmission Alternatives, if any, that could result in a deferral or elimination of a Single System Project;
 - e. Single System Projects submitted for inclusion in the Draft Plan for informational purposes; and
 - f. Expanded Scope Projects; including a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system.
- (ii) Order 1000 Projects and ITPs
 - a. A list of Interregional Transmission Projects;
 - b. ~~a.~~—A list of Order 1000 Projects;
 - b.c. A list of Proposed Project(s) for which Order 1000 Cost Allocation has been requested in accordance with section 10 of this Appendix A but which did not qualify and the deficiencies that precluded its selection as an Order 1000 Project; and
 - e.d. Preliminary Order 1000 Cost Allocation Reports for each Order 1000 Project;
- (iii) System Assessment Report and Need Statements;
- (iv) A list of Study Teams and their participants;
- (v) A review of the current status of all pending Order 1000 Projects that received an Order 1000 Cost Allocation in a prior Plan or Plan Update; and
- (vi) Other information that the Board may find helpful in making its decision.

In preparing the Draft Plan, the Staff shall solicit and consider the comments of Interested Persons, Affected Persons, and Planning Parties. The Staff shall post a preliminary Draft Plan on the Website and obtain stakeholder comment prior to finalizing the Draft Plan and may include a summary of the comments received; *provided that* the Staff shall redact Confidential Information and CEII from the Draft Plan that is made public. The Staff shall include such redacted information in the Draft Plan submitted to the Board. The Staff shall include the documentation as the Staff finds appropriate for purposes of Board review and action; *provided that* the documentation should be sufficient for subsequent review in an appropriate forum. The Draft Plan shall clearly identify which Projects (i) must be commenced in the upcoming Planning Cycle in order to have sufficient lead time for implementation or are ready for implementation, (ii) have planning underway but do not require commencement in the upcoming Planning Cycle yet are ready for implementation, or (iii) have planning at a conceptual or preliminary stage.

11.1.2 Timing. The Staff shall submit the Draft Plan for Board adoption at a time interval no greater than every two years.

11.2 Review Process

The Board shall review the Draft Plan in an open, public process. In doing so, the Board shall make available the ~~draft~~Draft Plan, study reports and electronic data files, subject to appropriate protection of Confidential Information and CEII to all Planning Parties and Interested Persons and provide the public an opportunity to supply information and provide written or oral comments to the Board. The Board may adopt additional procedures to carry out its review process.

11.3 Basis for Plan Adoption

The Board shall base its review and adoption of the Plan on the technical merits of the Draft Plan, the consistency of the Projects listed in the Draft Plan with this Agreement, and considering comments and information provided during the review process.

11.4 Plan Adoption

The Board shall review and take action regarding the Draft Plan as follows:

11.4.1 Recommended Projects

11.4.1.1 EOPs

11.4.1.1.1 Recommended Near-Term EOPs and Recommended EOPs. The Board shall review and may approve the following with respect to each Recommended EOP: the Study Team's determination that (i) it meets its underlying EOP Need Statement(s) and (ii) does not impose unmitigated Material Adverse Impacts. Those elements that are not approved by the Board shall be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further consideration and analysis and development.

11.4.1.1.2 Staff-Recommended EOPs. The Board shall review and may approve the following with respect to each Staff-Recommended EOP: the Staff determination that it meets its underlying Need Statement(s), its plan of service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. The Board shall review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not ~~select~~select any such alternative. Those elements that are not approved by the Board shall be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

11.4.1.2 Requested Service Projects

11.4.1.2.1 Recommended Requested Service Projects. The Board shall review and may approve the Study Team’s determination that each Recommended Requested Service Project (i) serves its underlying transmission service or interconnection request and (ii) does not result in any unmitigated Material Adverse Impacts on any transmission system; *provided that* no Recommended Requested Service Project shall be included in any Plan unless the requestor and all Affected Persons agree upon such Requested Service Project. If the Board determines that there are unmitigated Material Adverse Impacts, such Project shall be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

11.4.1.2.2 Staff-Recommended Requested Service Projects. The Board shall review and may approve the Staff’s determination that each Staff-Recommended Requested Service Project serves the underlying transmission service or interconnection request, the plan of service, transmission capacity allocation, sponsorship, and mitigation of Material Adverse Impacts resulting from such Project on any transmission system; *provided that* no Staff-Recommended Requested Service Project shall be included in any Plan unless the requestor and all Affected Persons agree upon such Requested Service Project. The Board shall review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not select any such alternative. Those elements that are not approved by the Board shall be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

11.4.1.3 Capacity Increase Projects. With respect to Capacity Increase Projects for which the Project’s sponsor has requested a Study Team for Project development:

(i) with respect to Recommended Capacity Increase Projects, the Board shall review and may approve the Study Team’s determination that such Capacity Increase Project (a) meets its underlying Need Statement(s) and (b) does not result in any unmitigated Material Adverse Impacts on any transmission system. If the Board determines that there are unmitigated Material Adverse Impacts resulting from such a Project on any transmission system, the Board shall note such Material Adverse Impacts in the Plan and such Project shall be remanded to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis or defer resolution of such Material Adverse Impacts to the WECC regional planning or path rating process; and

(ii) with respect to Staff-Recommended Capacity Increase Projects, the Board shall review and may approve the following with respect to each Staff-Recommended Capacity Increase Project: the Staff determination that it meets its underlying Need Statement(s), its plan of service, sponsorship, schedule, cost allocation, transmission rights

allocation, and mitigation of Material Adverse Impacts. The Board shall review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not ~~select~~select any such alternative. Those elements that are not approved by the Board shall be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

11.4.1.4 Single System Projects. With respect to a Single System Project for which the Order 1000 Sponsor has requested Order 1000 Cost Allocation and a Study Team for Project development:

(i) with respect to Recommended Single System Projects, the Board shall review and may approve the Study Team's determination that such Single System Project (i) meets its underlying Need Statement(s) and (ii) does not impose unmitigated Material Adverse Impacts; and

(ii) with respect to Staff-Recommended Single System Projects, the Board shall review and may approve the following with respect to each Staff-Recommended Single System Project: the Staff determination that it meets its underlying Need Statement(s), its plan of service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. The Board shall review the documentation relating to any other alternative that was considered by the Study Team and the reason why the Staff did not ~~select~~select any such alternative. Those elements that are not approved by the Board shall be remanded to the Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

11.4.1.5 Expanded Scope Projects. The Board shall review and may approve the Study Team's determination that there are no unmitigated Material Adverse Impacts resulting from each such Expanded Scope Project on any transmission system and, for Expanded Scope Projects that have an underlying EOP or Requested Service Project, the underlying EOP Need or request is still met with an equivalent or better service at no greater cost than it would have paid for the underlying Project. The Board shall not disapprove or modify Project elements associated with the Project expansion (developed by the Project's sponsor(s) or a Study Team). If the Board determines that there are unmitigated Material Adverse Impacts resulting from such a Project on any transmission system or that the underlying EOP Need or request is not met with an equivalent or better service at no greater cost than it would have paid for the underlying Project, the Board shall remand such Project to the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

11.4.1.6 Order 1000 Information. The Board shall include in the Biennial Plan:

- (i) a list of Order 1000 Projects;
- (ii) an Order 1000 Cost Allocation Report for each Order 1000 Project proposed in the current planning cycle; and
- (iii) a determination as to whether each Project that received an Order 1000 Cost Allocation in a prior Plan or Plan Update continues to be expected to meet the underlying Need(s) in a timely manner, and, if not, whether such Project should be removed from the Plan, resulting in loss of its Order 1000 Project status.

11.4.2 Other Information Included in the Draft Plan. The Board shall include in the Biennial Plan for informational purposes all of the other content in the Draft Biennial Plan that was provided for informational purposes unless the Board determines it has good cause not to include such content.

11.4.3 Remands. In the event that the Board remands an item to the Staff and a Study Team for further analysis and discussion, the Board shall identify specific questions or concerns to be answered or further researched by the Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team before the Board approves or confirms the matter that has been remanded. If the Board determines that a transmission alternative submitted in the public review process or that a transmission alternative to a Staff-Recommended Project is potentially preferable to the proposed Staff-Recommended Project, the Board may remand such alternative to the Staff, Planning Parties, and Interested Persons for further analysis and discussion. The Board and Staff shall attempt to minimize the total number of times a Project is remanded.

11.4.4 Reconsideration Process. The Board shall develop and make available a reconsideration process that provides Persons who are materially impacted by such decision and did participate in any underlying Study Team to request within ten days that the Board reconsider a specific decision within the Board's approval. If reconsideration of a Board decision is sought by any such Person, ColumbiaGrid shall promptly convene a meeting, chaired by the ColumbiaGrid President, to which it invites the chief executive officer or equivalent executive of all Affected Persons to determine whether they can reach agreement on the disputed decision. If agreement is not reached, the Board shall pursue the reconsideration process. The reconsideration process will provide for input from all involved Persons (including Planning Parties) and Staff, and the Board will make its reconsidered decision known within 90 days from the date of the request. If, upon reconsideration, the Board modifies its decision, the modification shall also be subject to a petition for reconsideration.

11.4.5 Post-Board Approval Project Modifications. In the event that a Project's sponsor(s) discover during siting and environmental review processes that modifications are needed to an EOP in order for such EOP to receive needed regulatory approval or in order to implement such EOP, the Staff shall review the proposed modification(s) in a public process to determine whether the proposed modified Project continues to satisfy the EOP Need and whether

Material Adverse Impacts to transmission systems, if any, are mitigated. The Staff shall communicate the results of its findings to the Board as follows.

11.4.5.1 Summary Change Statement. Staff will provide a summary change statement to the Board when such changes are found by Staff to resolve the problem, mitigate Material Adverse Impacts, if any, and have the support of Affected Persons. In these situations the Board will not be required to take action for the revised plan to be included in the next Plan.

11.4.5.2 Staff Recommendation. Staff, when it finds any of the following:

- (i) the plan of service being implemented does not resolve the EOP Need;
- (ii) there is disagreement between or among the sponsors and participants as to the plan of service, sponsorship, schedule, cost allocation, or transmission rights allocation; or
- (iii) mitigation of Material Adverse Impacts is lacking;

will provide a recommendation to the Board on what actions if any the Board should take. For example, the Staff recommendation could be one or a combination of the following: (a) withdraw Board approval or acceptance of the Project, (b) address the situation in a subsequent system assessment, (c) start a Study Team to look at alternatives, or (d) bring the Affected Persons together to see if there is interest in having ColumbiaGrid mediate differences.

11.4.5.3 Board Consideration. In these situations, the Board shall consider the Staff recommendation and shall accept the recommendation or ask the Staff to reconsider its recommendation in light of additional factors that the Board may want included in the recommendation. No Project modification pursuant to this section 11.4.5 shall be deemed to amend any Facilities Agreement, and any amendment to any Facilities Agreement shall be subject to and pursuant to the provisions of such Facilities Agreement for its amendment (and subject to the provisions of section 6.2 of the body of this Agreement).

12. Initial Steps; Compilation of Existing Planning Documents

Within six months after the execution of this Agreement, ColumbiaGrid shall request from the Planning Parties that each provide its then current transmission expansion plan to ColumbiaGrid. Using the material provided by the Planning Parties, ColumbiaGrid shall compile the plans of service and post such compilation on its Website.

13. Order 1000 ITPs and Interregional Cost Allocation

This section 13 sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions.

Nothing in this section 13 will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

Any Interregional Cost Allocation regarding any ITP is solely for the purpose of developing information to be used in the regional planning process of each Relevant Planning Region, including the regional cost allocation process and methodologies of each such Relevant Planning Region.

13.1 This section left intentionally blank

13.2 Annual Interregional Information Exchange

Annually, prior to the Annual Interregional Coordination Meeting, ColumbiaGrid shall make available by posting on its Website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in ColumbiaGrid's transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:
 - (a) identification of base cases;
 - (b) planning study assumptions; and
 - (c) study methodologies;
- (ii) initial study reports (or system assessments); and
- (iii) regional transmission plan

(collectively referred to as "Annual Interregional Information").

ColumbiaGrid shall post its Annual Interregional Information on its Website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process ColumbiaGrid's Annual Interregional Information. ColumbiaGrid may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

ColumbiaGrid is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by ColumbiaGrid in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if ColumbiaGrid reasonably determines that making such information available or otherwise providing such information would constitute a violation of the Commission's Standards of

Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by ColumbiaGrid shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under ColumbiaGrid’s regional transmission planning process. Any Annual Interregional Information made available or otherwise provided by ColumbiaGrid shall be “AS IS” and any reliance by the receiving Planning Region on such Annual Interregional Information is at its own risk, without warranty and without any liability of ColumbiaGrid or any Planning Party in ColumbiaGrid, including any liability for (a) any errors or omissions in such Annual Interregional Information, or (b) any delay or failure to provide such Annual Interregional Information.

13.3 Annual Interregional Coordination Meeting

ColumbiaGrid shall participate in an Annual Interregional Coordination Meeting with the other Planning Regions. ColumbiaGrid shall host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31st. The Annual Interregional Coordination Meeting is to be open to stakeholders. ColumbiaGrid shall provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

- (i) each Planning Region’s most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);
- (ii) identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and
- (iii) updates of the status of ITPs being evaluated or previously included in ColumbiaGrid’s regional transmission plan.

13.4 ITP Joint Evaluation Process

13.4.1 Submission Requirements

A proponent of an ITP may seek to have its ITP jointly evaluated by the Relevant Planning Regions pursuant to section 13.4.2 of this Appendix A by submitting the ITP into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region’s regional transmission planning process and no later than March 31st of any even-numbered calendar year. Such proponent of an ITP seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the ITP to each such Planning Region in accordance with such Planning Region’s regional transmission planning process. In addition to satisfying each Relevant Planning Region’s

information requirements, the proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the ITP is being submitted.

13.4.2 Joint Evaluation of an ITP

For each ITP that meets the requirements of section 13.4.1 of this Appendix A, ColumbiaGrid (if it is a Relevant Planning Region) is to participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the ITP's submittal in accordance with section 13.4.1 of this Appendix A or the immediately following calendar year. With respect to any such ITP, ColumbiaGrid (if it is a Relevant Planning Region) is to confer with the other Relevant Planning Region(s) regarding the following:

- (i) ITP data and projected ITP costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the ITP pursuant to its regional transmission planning process.

For each ITP that meets the requirements of section 13.4.1 of this Appendix A, ColumbiaGrid (if it is a Relevant Planning Region):

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect ColumbiaGrid's evaluation of the ITP;
- (b) is to provide stakeholders an opportunity to participate in ColumbiaGrid's activities under this section 13.4.2 of this Appendix A in accordance with its regional transmission planning process;
- (c) is to notify the other Relevant Planning Regions if ColumbiaGrid determines that the ITP will not meet any of its regional transmission needs; thereafter ColumbiaGrid has no obligation under this section 13.4.2 of this Appendix A to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of ColumbiaGrid's regional transmission needs.

13.5 Interregional Cost Allocation Process

13.5.1 Submission Requirements

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with section 13.4.1 of this Appendix A, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from ColumbiaGrid and each other Relevant Planning Region in accordance with its regional

transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

13.5.2 Interregional Cost Allocation Process

For each ITP that meets the requirements of section 13.5.1 of this Appendix A, ColumbiaGrid (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to ITPs;
- (ii) ColumbiaGrid's regional benefits stated in dollars resulting from the ITP, if any; and
- (iii) assignment of projected costs of the ITP (subject to potential reassignment of projected costs pursuant to section 13.6.2 of this Appendix A below) to each Relevant Planning Region using the methodology described in this section 13.5.2 of this Appendix A.

For each ITP that meets the requirements of section 13.5.1 of this Appendix A, ColumbiaGrid (if it is a Relevant Planning Region):

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect ColumbiaGrid's analysis;
- (b) is to provide stakeholders an opportunity to participate in ColumbiaGrid's activities under this section 13.5.2 of this Appendix A in accordance with its regional transmission planning process;
- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in ColumbiaGrid, ColumbiaGrid shall use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; ColumbiaGrid may use such information to identify its total share of the projected costs of the ITP to be assigned to ColumbiaGrid in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in ColumbiaGrid;

- (f) is to determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to this section 13.5.2 of this Appendix A in the same general time frame as its joint evaluation activities pursuant to section 13.4.2 of this Appendix A.

13.6 Application of Regional Cost Allocation Methodology to Selected ITP

13.6.1 Selection by All Relevant Planning Regions

If ColumbiaGrid (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, ColumbiaGrid shall apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under sections 13.5.2(d) or 13.5.2(e) of this Appendix A above in accordance with its regional cost allocation methodology, as applied to ITPs.

13.6.2 Selection by at Least Two but Fewer than All Relevant Regions

If ColumbiaGrid (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, ColumbiaGrid shall evaluate (or reevaluate, as the case may be) pursuant to sections 13.5.2(d), 13.5.2(e), and 13.5.2(f) of this Appendix A above whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the ITP remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of ColumbiaGrid and at least one other Relevant Planning Region, ColumbiaGrid shall apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under sections 13.5.2(d) or 13.5.2(e) of this Appendix A above in accordance with its regional cost allocation methodology, as applied to ITPs.

Section 14. Order 1000 ITPs, Joint Evaluation, and Interregional Cost Allocation

14.1 ITP Agreement

Any Person that seeks to submit an ITP for joint evaluation pursuant to section 13.4 of this Appendix A or seeks to request Interregional Cost Allocation pursuant to section 13.5 of this Appendix A must either be a Planning Party or must enter into an ITP Agreement with ColumbiaGrid, which ITP Agreement shall be substantially in the form attached to this Agreement as Appendix C.

14.2 Submission for Joint Evaluation

Submission of an ITP into the ColumbiaGrid regional transmission planning process in accordance with section 13.4.1 of this Appendix A is to be accomplished as set forth in this section 14.2. This section 14.2 shall not apply to any ITP for which ColumbiaGrid is not a Relevant Planning Region.

A TOPP or an ITP Proponent of an ITP may seek to have its ITP evaluated in the Order 1000 ColumbiaGrid Planning Region pursuant to section 13.4.2 of this Appendix A by submitting a written request for such evaluation to ColumbiaGrid; *provided that* ColumbiaGrid shall deem such written request properly submitted to ColumbiaGrid only if, and at such time as, ColumbiaGrid receives the written request and: (1) such written request specifically references section 13.4 of this Appendix A, and (2) such written request includes a list of all other Planning Regions to which the ITP is being submitted for joint evaluation.

ColumbiaGrid shall seek to confirm with each other Relevant Planning Region that such TOPP or ITP Proponent has submitted such ITP for evaluation into the regional transmission planning process of each other Relevant Planning Region in accordance with the regional transmission planning process of such Relevant Planning Region(s). In the event that ColumbiaGrid is unable to confirm that the TOPP or ITP Proponent has submitted its ITP for evaluation into the regional transmission planning process of each other Relevant Planning Region in accordance with the regional transmission planning process of such Relevant Planning Region(s), ColumbiaGrid shall notify the TOPP or ITP Proponent in writing, and the TOPP or ITP Proponent shall have 30 days from the date of such notice to provide ColumbiaGrid evidence, reasonably acceptable to ColumbiaGrid, that the TOPP or ITP Proponent has timely submitted its ITP for evaluation to each other Relevant Planning Region(s) as required by this section 14.2. If a TOPP or ITP Proponent fails to provide such evidence, the TOPP's or ITP Proponent's ITP shall be deemed withdrawn and shall not be eligible for evaluation pursuant to section 13.4.2 of this Appendix A.

Prior to commencing the joint evaluation of an ITP pursuant to section 13.4.2 of this Appendix A, ColumbiaGrid shall require an ITP Proponent that is seeking such evaluation of an ITP to submit to ColumbiaGrid information in accordance with section 10.1.2.1(ii)b. of this Appendix A, which shall, to the extent permitted by law, include a copy of all ITP data being submitted by the TOPP or an ITP Proponent to any of the other Relevant Planning Regions for such ITP. A TOPP seeking evaluation of an ITP pursuant to section 13.4.2 of this Appendix A shall submit to ColumbiaGrid the information required by this paragraph.

14.3 Joint Evaluation Implementation

For purposes of ColumbiaGrid's evaluation of an ITP pursuant to section 13.4.2 of this Appendix A,

- (i) development of such ITP shall be through a Study Team; and

- (ii) evaluation of such ITP in the ColumbiaGrid regional transmission planning process for purposes of section 13.4.2 of this Appendix A shall be through the development and evaluation of such ITP as a Proposed Project through the ColumbiaGrid regional planning process under this Agreement.

Upon receipt of a properly submitted request for such evaluation pursuant to sections 13.4.1 and 14.2 of this Appendix A, ColumbiaGrid will convene a Study Team (or refer such ITP to an existing Study Team) for development of such ITP. With respect to an ITP, the TOPP(s) or ITP Proponent(s) that submitted the ITP is to assume primary responsibility for leading and performing necessary analytical work for such ITP in the Study Team.

14.4 Interregional Cost Allocation Process

For each ITP that meets the requirements of sections 13.5.1 and 14.2 of this Appendix A and for which Interregional Cost Allocation for such ITP has been timely requested pursuant to section 10.1 of this Appendix A, ColumbiaGrid (if and so long as it is a Relevant Planning Region) shall:

- (i) pursuant to item (c) of section 13.5.2 of this Appendix A, determine the amount, if any, of Regional Benefits for Purposes of Interregional Cost Allocation resulting from such ITP;
- (ii) pursuant to section 13.5.2(ii) of this Appendix A, notify each of the other Relevant Planning Regions with respect to such ITP of the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP so determined;
- (iii) pursuant to item (d) of section 13.5.2 of this Appendix A, calculate ColumbiaGrid's assigned *pro rata* share of the projected costs of such ITP (such share also referred to as Assigned Regional Costs from Interregional Cost Allocation), which share shall be equal to the product of the projected costs of such ITP multiplied by a fraction, the numerator of which shall be the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP determined pursuant to item (i) above and the denominator of which shall be the sum of (A) the amount of Regional Benefits for Purposes of Interregional Cost Allocation of such ITP determined pursuant to item (i) above and (B) the sum of the regional benefits of each other Relevant Planning Region as calculated with respect to such ITP by such other Relevant Planning Region in accordance with its regional transmission planning process and provided to ColumbiaGrid by such other Relevant Planning Region;

- (iv) determine what its regional cost allocation would be if ColumbiaGrid were to select the ITP as an Order 1000 Project in its Plan by performing a preliminary determination of:
- a. the Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) should such ITP be selected as an Order 1000 Project, using the methodology with respect to an ITP in section 10.3.3.1 of this Appendix A, and
 - b. the sum of the Order 1000 Cost Allocation(s) to the Order 1000 Beneficiary(ies) that is an Order 1000 Sponsor(s) should such ITP be selected as an Order 1000 Project, using the methodology with respect to an ITP in section 10.3.3.2 of this Appendix A.

Pursuant to item (e) of section 13.5.2 of this Appendix A, ColumbiaGrid shall share the above determinations with the other Relevant Planning Regions with regard to such ITP.

- (v) If ColumbiaGrid receives information from one or more other Relevant Planning Regions regarding what such Relevant Planning Region's regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, ColumbiaGrid may use such information to identify its total share of the projected costs of the ITP to be assigned to ColumbiaGrid (such total share also referred to as Total Regional Costs from Interregional Cost Allocation) in order to determine, pursuant to section 14.5 of this Appendix A, whether to select the ITP as an Order 1000 Project.

For purposes of Interregional Cost Allocation, the projected costs of any ITP will include the projected costs required as a result of such ITP, if any, that (I) relate to transmission facilities outside any Relevant Planning Region and (II) all transmission providers in the Relevant Planning Regions that are beneficiaries of such ITP agree, in writing with all other beneficiaries, to bear.

Determinations and other activities pursuant to items (iii), (iv), and (v) of this section 14.4 may be reperformed as a result of application of section 13.6.2 of this Appendix A.

14.5 Determination of Whether to Select the ITP in ColumbiaGrid Regional Transmission Plan for Purposes of Interregional Cost Allocation

For each ITP that meets the requirements of sections 13.5.1 and 14.2 of this Appendix A and for which Interregional Cost Allocation for such ITP has been timely requested by a TOPP or ITP Proponent pursuant to section 10.1 of this Appendix A, ColumbiaGrid (if and so long as it is a Relevant Planning Region) shall, as required by section 13.5.2(f) of this Appendix A, determine whether to select the ITP as an Order 1000 Project in accordance with section 10.1 of this

Appendix A, based on its regional transmission planning process and taking into account the Total Regional Costs from Interregional Cost Allocation.

Determinations pursuant to this section 14.5 may be reperformed as a result of application of section 13.6.2 of this Appendix A.

14.6 Implementation of Application of Regional Cost Allocation Methodology to Selected ITP

For any ITP for which ColumbiaGrid is to apply its regional cost allocation methodology pursuant to section 13.6.1 or 13.6.2 of this Appendix A, ColumbiaGrid shall apply its regional cost allocation methodology (Order 1000 Cost Allocation Methodology) by determining:

- i. the Order 1000 Cost Allocation to each Order 1000 Beneficiary (except for Order 1000 Sponsor(s)) of such ITP, using the methodology with respect to an ITP in section 10.3.3.1 of this Appendix A, and
- ii. the sum of the Order 1000 Cost Allocation(s) to the Order 1000 Sponsor(s) of such ITP, using the methodology with respect to an ITP in section 10.3.3.2 of this Appendix A.

Any amounts associated with the information ColumbiaGrid receives as described in item (e) of section 13.5.2 of this Appendix A and item (v) of section 14.4 of this Appendix A are not included in the amounts allocated pursuant to section 10.3.3.2 of this Appendix A.

APPENDIX B

PRO FORMA

FACILITIES AGREEMENT

FOR

[Insert name of EOP] EOP

AMONG

COLUMBIAGRID

AND

[Insert name(s) of Designated Person(s)]

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EXHIBITS

- Exhibit A – Plan of Service
- Exhibit B – Responsibility Chart
- Exhibit C – Performance Milestones
- Exhibit D – Cost of Allocation
- Exhibit E – Estimated Payment Schedule
- Exhibit F – Additional or Maintained Transmission Capacity

FACILITIES AGREEMENT

This FACILITIES AGREEMENT (“Agreement”) is entered into as of *[insert date of Facilities Agreement]*, by and among ColumbiaGrid, a Washington non-profit corporation, and *[insert each Designated Person]* (individually referred to as “Party” and in the plural referred to as “Parties”).

RECITALS

A. The Board of Directors of ColumbiaGrid, a Washington state non-profit corporation, on *[insert date of Plan approving underlying EOP]* approved an Existing Obligation Project (the “*[insert name of EOP]* EOP”) pursuant to the ColumbiaGrid Planning and Expansion Functional Agreement (as it may be amended from time to time, “Planning Agreement”).

B. The *[insert name of EOP]* EOP is generally comprised of the following on the transmission system(s) of the following and is more particularly described in Exhibit A (Plan of Service): *[Insert general description of each involved transmission system and facilities to be installed]*.

C. The *[insert name of EOP]* EOP was approved by the Board to address the following Need(s) as identified by ColumbiaGrid pursuant to the Planning Agreement: *[Insert brief description of Need(s) and reference the Biennial Plan or Plan Update that includes the Needs Statement that resulted in the underlying EOP]*.

D. The Parties are ColumbiaGrid and the Designated Persons, as determined by ColumbiaGrid pursuant to the Planning Agreement, for the *[insert name of EOP]* EOP.

E. The Parties are entering into this Agreement to address: (1) the coordination of pre-construction activities, including environmental, budgetary, and regulatory processes, (2) the responsibility for planning, designing, siting, construction, payment and ownership for the *[insert name of EOP]* EOP facilities, and (3) allocation of any incremental transmission capacity resulting from the *[insert name of EOP]* EOP.

F. Pursuant to the foregoing, ColumbiaGrid has tendered this Agreement to the other Parties, and all Parties agree as follows:

AGREEMENT

1. Definitions

All capitalized terms not defined in this Agreement shall have the meanings given to such terms in the Planning Agreement.

1.1 “Agreement Limiting Liability Among Western Interconnected Systems” or “WIS Agreement” means at any time the Agreement Limiting Liability Among Western Interconnected Systems as it may have then been amended.

1.2 “Allocated Cost Maximum” means for each Paying Party with respect to the Cost of any Work an amount equal to (i) its Allocated Share of the Cost Maximum for such Work, as set forth in Exhibit D plus (ii) any additional amount of Cost for such Work for which such Paying Party agrees to assume responsibility pursuant to sections 9.1.2, 10.2, or 12.

1.3 “Allocated Share” means for each Paying Party with respect to the Cost of any Work an amount equal to its share or portion of the Cost of such Work, as set forth in Exhibit D.

1.4 “Arbitrating Party” has the meaning given such term in section 17.2.

1.5 “Assuming Party” has the meaning given such term in section 10.2.

1.6 “Board” means the Board of Directors of ColumbiaGrid.

1.7 “Breaching Party” has the meaning given such term in section 15.1.

1.8 “Constructing Party” means, with respect to each facility comprising the Plan of Service, each Party responsible for performance of Work with respect to such facility as specified in Exhibit B.

1.9 “Cost” means, with respect to Work by each Constructing Party: (i) the direct costs reasonably and necessarily incurred and paid by such Constructing Party in the performance of such Work, (ii) overhead reasonably allocable to such Work, and (iii) Interest on such direct costs from the later to occur of the date of this Agreement or the date of payment by the Constructing Party of such direct costs and continuing until the date of invoicing of the Paying Party(ies) for such direct costs.

1.10 “Cost Maximum” means, with respect to the performance of Work on each of the facilities in the Plan of Service by a Constructing Party, the estimated cost of such Work plus a reasonable contingency, all as set forth in Exhibit B. *[Insert in Exhibit B the amount of the estimate by each Constructing Party of the Cost of the Work it is to perform plus a reasonable contingency; provided that such amount in Exhibit B may differ from Constructing Party’s estimate of the Cost of such Work (plus a reasonable contingency) and instead equal ColumbiaGrid’s estimate of the Cost of such Work (plus a reasonable contingency) if (i) ColumbiaGrid determines for good cause at the time it offers and enters into this Agreement to adopt for this Agreement its estimate rather than the Constructing Party’s or the Constructing*

Party has not then provided an estimate of Cost (plus a reasonable contingency) for use by ColumbiaGrid as the Cost Maximum in Exhibit B and (ii) ColumbiaGrid provides a written explanation to all Parties of such good cause, the basis for any such determination and the basis for ColumbiaGrid's estimate of the Cost of such Work.]

1.11 “Cure” has the meaning given such term in section 10.1.

1.12 “Defaulting Paying Party” has the meaning given such term in section 10.1.

1.13 “Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the Pacific Northwest.

1.14 “Interest” means interest compounded daily at an annual interest rate equal to the lesser of (i) a rate equal to 200 basis points above the per annum prime rate reported daily in *The Wall Street Journal* or (ii) the maximum rate permitted by applicable law.

1.15 “Liquidated Damages” means compensation as specified in section 15 for expenses ColumbiaGrid would not have incurred but for a Party's breach and which is not a penalty.

1.16 “Milestones” mean, with respect to Work by each Constructing Party, the schedule for specific major milestone events that must occur in order for each facility in the Plan of Service with respect to such Work to be completed and placed in commercial operation, which Milestones are set forth in Exhibit C. *[Insert in Exhibit C each Constructing Party's estimated dates for its achievement of the Milestones for its Work consistent with the completion and commencement of commercial operation of the [insert name of EOP] EOP by the Target Date; provided that such dates in Exhibit C for such achievement may differ from the Constructing Party's estimated dates and instead equal ColumbiaGrid's estimated dates for such achievement if (i) ColumbiaGrid determines for good cause at the time it offers and enters into this Agreement to adopt for this Agreement its estimated dates rather than the Constructing Party's or the Constructing Party has not then provided estimated dates for such achievement for Exhibit C and (ii) ColumbiaGrid provides a written explanation to all Parties of such good cause, the basis for any such determination and the basis for ColumbiaGrid's estimated dates for such achievement.]*

1.17 “Need” means, for purposes of this Agreement, each Need identified by ColumbiaGrid pursuant to the Planning Agreement that the Board determined would be addressed by the *[insert name of EOP] EOP*.

1.18 “Notice of Default” has the meaning given such term in section 10.1.

1.19 “Notice of Election” has the meaning given such term in section 10.3.

1.20 “Notice of Rejection” has the meaning given such term in section 9.2.

1.21 “Notice Regarding Assumption” has the meaning given such term in section 10.1.

1.22 “Paying Party” means, with respect to Work on each facility comprising the Plan of Service, each Party specified in Exhibit D as responsible for (i) paying to the Constructing Party such Paying Party’s Allocated Share of such Constructing Party’s Cost of such Work or (ii) bearing such Paying Party’s Allocated Share of such Cost, if the Paying Party with respect to such Work is also the Constructing Party for such Work. Paying Party with respect to Work also includes any Party that elects to be a Paying Party pursuant to sections 9.2, 10.2, or 12 with respect to such Work.

1.23 “Payment Schedule” means, with respect to Work by each Constructing Party, the estimated schedule set forth in Exhibit E for payment of the Cost of such Work. *[Insert in Exhibit E each Constructing Party’s estimated payment schedule; provided that any such estimated schedule in Exhibit E may differ from the Constructing Party’s estimated payment schedule and instead equal ColumbiaGrid’s estimate of the payment schedule if (i) ColumbiaGrid determines for good cause at the time it offers and enters into this Agreement to adopt for this Agreement its estimate of the payment schedule rather than the Constructing Party’s or the Constructing Party has not then provided an estimated payment schedule and (ii) ColumbiaGrid provides a written explanation to all Parties of such good cause, the basis for any such determination and the basis for ColumbiaGrid’s estimate of the payment schedule.]*

1.24 “Plan of Service” means the technical modifications to the Regional Interconnected Systems to be effected by the *[insert name of EOP]* EOP and is set forth in Exhibit A.

1.25 “Target Date” means the date scheduled for completion and commercial operation of the *[insert name of EOP]* EOP.

1.26 “Termination Cost” means, with respect to termination and wind-up of Work pursuant to this Agreement by the Constructing Party for such Work, (i) the direct costs (net of salvage) reasonably and necessarily incurred and paid by such Constructing Party in the termination and wind-up of such Work, (ii) overhead reasonably allocable to the termination and wind-up of such Work, and (iii) Interest on such direct costs from the later to occur of the date of this Agreement or the date of payment by the Constructing Party of such direct costs and continuing until the date of invoicing of the Paying Party(ies) for such direct costs.

1.27 “Uncontrollable Force” means any act or event that delays or prevents a Party from timely performing obligations under this Agreement, including an act of God, strike, lock-out, labor dispute, labor disturbance, act of the public enemy, act of terrorism, war, insurrection, riot, fire, storm or flood, earthquake, explosion, accident to or breakage, failure or malfunction of machinery or equipment, any curtailment, order, regulation or restriction of any governmental, military or lawfully established civilian authorities (other than, as to its own performance, by

such Party that is a federal power marketing administration, municipal corporation or other federal, tribal or state governmental entity or subdivision thereof), or any other cause beyond such Party's reasonable control and to the extent without such Party's fault or negligence. Economic hardship shall not constitute an Uncontrollable Force under this Agreement.

1.28 “WECC Path Rating Process” means the process described by the document published by the Western Electricity Coordinating Council, or its successor, titled Overview of Policies and Procedures for Regional Planning Project Review, Project Rating Review, and Progress Reports, as it may be amended or replaced.

1.29 “Withdrawal Fee” has the meaning given such term in section 12.

1.30 “Work” means the work necessary and appropriate to design, permit, site, procure, construct, and place into commercial operation each facility comprising the Plan of Service; *provided that* Work may be limited to environmental review pursuant to section 3.2.1.

2. Term

This Agreement shall become effective on the date when all Parties have executed and delivered this Agreement and shall continue in effect until such time as the Work on the facilities comprising the *[insert name of EOP]* EOP and listed in Exhibit B is completed and placed in commercial operation or terminated pursuant to this Agreement. All obligations and liabilities accrued under this Agreement through such completion and placement in commercial operation or through such termination are hereby preserved until satisfied.

3. Exhibits

3.1 The following Exhibits are attached and made a part of this Agreement as if fully set forth in this Agreement:

(i) Exhibit A, which is the Plan of Service;

(ii) Exhibit B, which lists each of the facilities comprising the Plan of Service and the Work to be performed with respect to each such facility, identifies each Party responsible for performance of such Work with respect to each such facility, the Cost Maximum with respect to such Work on each such facility, and the ownership share of any Party in each such facility;

(iii) Exhibit C, which sets forth the Milestones for the performance of the Work with respect to each facility comprising the Plan of Service and the scheduled dates for the achievement of such Milestones;

(iv) Exhibit D, which sets forth each Paying Party's (i) Allocated Share of the Cost of Work (subject to such Paying Party's Allocated Cost Maximum for such Work) and (ii) Allocated Cost Maximum with respect to such Work; *[insert in Exhibit D each Paying Party(ies)'s respective Allocated Share and Allocated Cost Maximum for Work and either (i) each Paying Party(ies)'s respective*

Allocated Share percentage(s) responsibility for paying (or bearing) the Cost of such Work (subject to the Cost Maximum) with respect to Work to be performed with respect to each of the facilities comprising the Plan of Service or (ii) such other methodology specified in such exhibit for determining each Paying Party(ies)'s respective Allocated Share responsibility for paying (or bearing) the Cost (subject to its Allocated Cost Maximum) with respect to Work to be performed with respect to each of the facilities comprising the Plan of Service];

(v) Exhibit E, which sets forth the estimated Payment Schedule, if any, for performance of Work and identifies the payor Paying Party, the payee Constructing Party, and the estimated amounts and dates of payment; and

(vi) Exhibit F, which sets forth the amount, location, and owner of transmission capacity, if any, added or maintained by the [insert name of EOP] EOP, which transmission capacity is allocated as shown in Exhibit F. Unless otherwise set forth in Exhibit F, the Party that is the owner of the Transmission System that is expanded by any of the facilities comprising the Plan of Service will be the owner of additional transmission capacity, if any, which is added or maintained as a result of such facilities.

3.2 Sequencing of Work for Environmental Review

3.2.1. If any Constructing Party(ies) or Paying Party(ies) has determined that it is obligated to conduct an environmental review before deciding to construct or pay for any portion of [insert name of EOP] EOP, such Constructing Party or Paying Party, as applicable, may provide to ColumbiaGrid a Cost estimate under section 1.10, Milestones under section 1.16, and a Payment Schedule under section 1.23, that describes Work, schedules for performance of, and payments for Work only through such environmental review. In such case, ColumbiaGrid shall include a Cost estimate, Milestones, and Payment Schedule in initial Exhibits B, C, and E to this Agreement that cover only environmental review Work. The Paying Party(ies) or Constructing Party(ies) that are not doing such environmental review phase of the Work shall not be obligated to (i) perform any Work, or (ii) pay any Cost for procurement of equipment or any Work other than environmental review phase of the Work, unless and until the environmental review Work has been successfully completed by all Constructing or Paying Parties performing such environmental review phase of the Work, and this Agreement has been amended pursuant to section 3.2.2.

3.2.2 Upon completion by any Constructing Party(ies) or Paying Party(ies) of any necessary environmental review phase of the Work in connection with the [insert name of EOP] EOP pursuant to section 3.2.1, such Constructing Party(ies) or Paying Party(ies) shall submit to ColumbiaGrid pursuant to section 10.4.5 of Appendix A to the Planning Agreement any proposed modifications to the [insert name of EOP] EOP that such Party determines are necessary based on such environmental review and shall provide ColumbiaGrid a Cost estimate, Milestones, and Payment Schedule for the remainder of the Work on the [insert name of EOP] EOP consistent with the proposed modifications. ColumbiaGrid shall consider such proposed

modifications pursuant to section 10.4.5 of Appendix A to the Planning Agreement, and the further Cost estimate, Milestones, and Payment Schedule pursuant to sections 1.10, 1.16, and 1.23 of this Agreement, and shall offer any revised Exhibits as amendments to this Agreement that ColumbiaGrid determines are appropriate in light of such consideration and that are completed consistent with the instructions in the pro forma Facilities Agreement for completion of such Exhibits.

4. Responsibility for Performance of Work

4.1 Subject to the provisions of this Agreement, each Constructing Party shall perform the Work identified in Exhibit B as to be performed by such Constructing Party consistent with Good Utility Practice, making reasonable efforts to perform such Work in accordance with the Milestone scheduled dates therefor in Exhibit C and to complete and place into commercial operation such Work by the Target Date. Unless otherwise set forth in Exhibit B, the Party specified as the owner of each facility comprising the Plan of Service shall be responsible for performing the Work with respect to such facility. Each Constructing Party shall make reasonable efforts to coordinate performance of its respective obligations under this Agreement so as to facilitate completion of the Work and commencement of the commercial operation of the *[insert name of EOP]* EOP by the Target Date. Each Constructing Party shall report in writing quarterly (or monthly if requested by a Party) during the performance of its Work to each of the other Parties progress in the performance of such Work and the anticipated Cost and anticipated time to complete and place into commercial operation such Work.

4.2 Any Constructing Party may enter into contract(s) with contractor(s) or vendor(s) for performance of Work required by this Agreement to be performed by such Constructing Party, but no such contract(s) shall relieve such Constructing Party of any of its obligations under this Agreement. ColumbiaGrid shall not be a party to any such contract(s), nor shall ColumbiaGrid accept any third-party rights of any kind from or under any such contract(s).

5. Ownership

The Party that is the owner of the transmission system upon which any of the facilities comprising the Plan of Service are being added or upgraded will be the owner of such facilities unless otherwise set forth in Exhibit B. For purposes of this Agreement, an “owner” includes, but is not limited to, a Party that has a leasehold interest in or other beneficial use of the subject facilities, where, for financing purposes, legal title is held by another entity.

6. Cost Responsibility

6.1 Unless otherwise set forth in Exhibit D, (i) any Paying Party with respect to any Work for which such Paying Party is not also the Constructing Party for such Work shall reimburse such Constructing Party for such Paying Party’s Allocated Share of the Cost incurred by such Constructing Party in the performance of such Work within thirty (30) days after the Constructing Party has incurred such Cost and has submitted an invoice therefor to such Paying Party and (ii) any Paying Party with respect to any Work for which such Paying Party is also the

Constructing Party for such Work shall bear its Allocated Share of the Cost incurred by such Constructing Party in the performance of such Work. The due date for the payment of any such invoice shall not be earlier than the date the Constructing Party is obligated to pay such Cost. A Paying Party's obligation to make payments of (or bear) Cost with respect to any Work shall in

the aggregate not exceed (i) its Allocated Cost Maximum for such Work plus (ii) in the event the Constructing Party terminates such Work pursuant to section 9.4, 10.3, or 12, such Paying Party's share, if any, as specified in such section, of the Termination Cost for such Work.

6.2 Any Constructing Party that, as part of its Work, is to procure equipment that has a purchase price greater than \$500,000 and that either is specially engineered or has a long lead time, shall have the right to require the Paying Party(ies) with respect to payment for such equipment as Cost to make an assurance of payment of its Allocated Share of the purchase price to the vendor of such engineered equipment (including but not limited to posting a letter of credit with such vendor) sufficient to permit the vendor to rely solely on the credit of such Paying Party(ies) in lieu of the credit of the Constructing Party for payment of such purchase price.

6.3 If a Paying Party questions or disputes an invoice or any items on an invoice, it shall nevertheless pay such invoice within the thirty (30) day time period stated in section 6.1 and shall notify the Constructing Party in writing of the basis of the question or dispute. The Constructing Party shall respond to the Paying Party in writing as soon as reasonably practicable, but in no event later than in the accounting provided for in section 6.4.

6.4 Within a reasonable time after completion of the Work specified in Exhibit B to be performed by a Constructing Party, such Constructing Party shall make a full accounting in regard to such Work to each Paying Party for such Work. Such accounting shall show expenditures, adjustments for salvage, and any difference between (i) Cost reasonably and necessarily incurred and paid in the performance of such Work and (ii) payments made (or Cost borne) by each Paying Party with respect to such Work. The Constructing Party shall provide a copy of the accounting to all other Parties. Promptly after such accounting, the Constructing Party shall remit to the Paying Party any credit balance, and the Paying Party shall promptly after such accounting pay to the Constructing Party any debit balance.

6.5 If a Paying Party questions or disputes any item in the accounting, it shall nevertheless pay any debit balance and notify the Constructing Party in writing of its question or dispute within ten (10) days of its receipt of the accounting. The Constructing Party and the Paying Party shall promptly commence good faith negotiations to resolve the question or dispute within twenty (20) days following such notification. If the Parties are unable to negotiate a resolution, the Paying Party may request an audit as provided in section 6.6.

6.6 Within thirty (30) days after receipt of the accounting provided pursuant to section 6.3, any Paying Party shall have the right, at its expense, to request a review or audit of the Constructing Party's books, records, and documents that directly pertain to the Cost and invoices for Cost of Work for which such Paying Party has an Allocated Share pursuant to Exhibit D. Any review or audit shall be undertaken upon reasonable notice and in accordance with generally accepted auditing standards. The Paying Party shall notify the Constructing Party promptly of any exception taken as a result of the review or audit and the disputing Parties shall promptly commence good faith negotiations to resolve the dispute. If the Paying Party and Constructing Party agree on any exception, the Constructing Party shall refund to the Paying Party any credit amount due to Paying Party resulting from such exception within thirty (30) days of such agreement (and Paying Party shall pay to the Constructing Party any debit amount

due to Constructing Party resulting from such exception within thirty (30) days of such agreement).

6.7 If the Paying Party and Constructing Party fail to agree on an exception taken as a result of the review or audit, either of such Parties may initiate informal dispute resolution pursuant to section 17 and, if the dispute over the exception is not resolved by such informal dispute resolution process, may initiate arbitration with respect to any factual issues by arbitration pursuant to section 17 or other appropriate proceedings with respect to any other issues; *provided* that any such informal dispute resolution and arbitration must be commenced within sixty (60) days of receipt of the report from the auditor.

6.8 Any Paying Party with respect to any Work requesting a review or audit pursuant to section 6.6 shall provide all other Paying Parties with respect to such Work, if any, the opportunity to participate in and share (in proportion to their respective Allocated Shares of the Cost of such Work) the expense of the review or audit and informal dispute resolution and arbitration of any exceptions taken individually or jointly with other Paying Parties with respect to such Work in order to reduce duplication of effort and to endeavor to avoid inconsistent determinations between or among various Parties with respect to the Cost of such Work. Any Paying Party with respect to any Work that declines to participate in and share the costs of the review or audit or informal dispute resolution and arbitration with respect to the Cost of such Work may not request a separate review or audit or informal dispute resolution and arbitration with respect to such Cost.

6.9 Interest on Late Payment

Any invoice not paid when due by a Paying Party shall bear Interest from the date such amount was due until the date of payment.

6.10 Termination and Wind-up

6.10.1 In the event that a Constructing Party terminates Work pursuant to section 9.4, each Paying Party shall reimburse the Constructing Party for such Paying Party's Allocated Share of any Termination Cost of such Work within thirty (30) days after the Constructing Party has incurred such Termination Cost and has submitted an invoice therefor to such Paying Party (or, if the Paying Party is also the Constructing Party with respect to such Work, shall bear its Allocated Share of any Termination Cost of such Work). In the event that a Constructing Party terminates Work pursuant to section 10.3 or 12 (as a result of a Paying Party defaulting under section 10 or a Withdrawing Paying Party withdrawing under section 12), the Defaulting Paying Party or Withdrawing Paying Party as the case may be shall reimburse the Constructing Party for 100% of any Termination Cost of such Work within thirty (30) days after the Constructing Party has incurred such Termination Cost and has submitted an invoice therefor to such Paying Party (or, if the defaulting Paying Party or Withdrawing Paying Party as the case may be is also the Constructing Party with respect to such Work, shall bear 100% of any Termination Cost of such Work).

6.10.2 If any Paying Party disputes any Termination Cost as invoiced by the Constructing Party, any such Paying Party or such Constructing Party may initiate informal dispute resolution pursuant to section 17 and, if the dispute over the Termination Cost is not resolved by such informal dispute resolution process, may initiate arbitration with respect to any factual issues by arbitration pursuant to section 17 or other appropriate proceedings with respect to any other issues; *provided that* any such informal dispute resolution and arbitration must be commenced within sixty (60) days of receipt of an invoice for such Termination Cost.

6.10.3 In the event a termination of Work pursuant to this Agreement results in a dispute between the Constructing Party and a contractor or vendor, the Constructing Party shall not settle such contractor's or vendor's claim (if and to the extent the cost of such settlement would constitute Termination Cost) without the written consent of any Paying Party(ies) with respect to such Termination Cost, which consent shall not be unreasonably withheld.

7. Transfer Capability

7.1 Ownership and use of any transmission capacity that is

- (i) added or maintained as a result of the *[insert name of EOP]* EOP, and
- (ii) added or maintained on the transmission system of a Party as a result of any of the facilities comprising the Plan of Service, but
- (iii) specified in Exhibit F as to be owned by another Party,

shall only be pursuant to and shall be governed by a written separate capacity agreement between such Parties to be mutually agreed upon between such Parties and entered into contemporaneously with this Agreement; *provided that* in the absence of such a capacity agreement, the use of any additional capacity that is

- (i) added or maintained as a result of the *[insert name of EOP]* EOP, and
- (ii) added or maintained on the transmission system of a Party as a result of any of the facilities comprising the Plan of Service, but
- (iii) specified in Exhibit F as to be owned by another Party,

shall be governed by a transmission agreement between such Parties.

7.2 It is anticipated that *[insert name of EOP]* EOP may have gone through the WECC Path Rating process during its development under the Planning Agreement. If it has not, the Parties shall cooperate in a review, if appropriate, of the *[insert name of EOP]* EOP under the WECC Path Rating Process and a determination, if appropriate, under such process of additional transmission capacity, if any, that is created as a result of the *[insert name of EOP]* EOP. Unless otherwise set forth in Exhibit F, the Parties agree that the amount of additional transmission

capacity, if any, which is created as a result of the *[insert name of EOP]* EOP and that is allocated in Exhibit F shall be consistent with any such determination under such process of the amount of such additional transmission capacity.

8. Revisions in Work by Constructing Party

8.1 Each Constructing Party shall promptly provide each of the other Parties an opportunity to comment on proposed revisions to estimated Cost and proposed construction schedules stated in the Exhibits to this Agreement whenever the Constructing Party determines that it may deviate from such estimated Cost or construction schedules. No Party that receives any such proposed revisions to estimated Cost or proposed construction schedules shall have any obligation under this Agreement to review or comment thereon. Any such review or comment (or delay or failure to review or comment) thereon by any of such receiving Party shall not relieve such Constructing Party of any obligation under this Agreement or otherwise.

8.2 No revisions (or proposed revisions) pursuant to section 8.1 by a Constructing Party to estimated Cost or proposed construction schedules shall amend any Exhibit or any other provision of this Agreement or the respective obligations of the Parties under this Agreement: *provided that* the Allocated Cost Maximum of a Party may be increased as provided in and pursuant to section 9.

9. Rights When Cost of Work Exceeds Allocated Cost Maximums

9.1 A Constructing Party with respect to Work may by written notice to each other Party propose to increase the Allocated Cost Maximum of each Paying Party with respect to such Work in proportion to the respective Allocated Shares of each Paying Party with respect to such Work. Each such notice shall include an explanation of the basis for the proposed increase. By written notice (within thirty (30) days of receipt of the notice from the Constructing Party), each such Paying Party may, but shall not be obligated to, accept the proposed increase to its Allocated Cost Maximum.

9.1.1 If each Paying Party so accepts its increased Allocated Cost Maximum with respect to Work, ColumbiaGrid shall issue to each Party a revised Exhibit D reflecting such increased Allocated Cost Maximums with respect to such Work, and such revised Exhibit D shall thereupon be substituted for the previous Exhibit D in this Agreement.

9.1.2 If any Paying Party does not so accept its proposed increased Allocated Cost, the Constructing Party may invoice such Paying Party under section 6.1 only up to its Allocated Cost Maximum as stated in Exhibit D prior to such proposed revision, subject to the provisions of section 9.2.

9.2 ColumbiaGrid shall provide written notification to all Parties whenever any Paying Party rejects a proposed increase of its Allocated Cost Maximum with respect to Work

pursuant to section 9.1.2 (“Notice of Rejection”). Within ten (10) days of such Notice of Rejection, any non-rejecting Party may elect to assume the amount of the proposed increase in the rejecting Paying Party’s Allocated Cost Maximum with respect to such Work by providing written notification of such assumption to all Parties. If more than one Party including the Constructing Party with respect to such Work so elects to assume such amount, such Constructing Party shall assume such amount. If the Constructing Party does not elect to assume such amount, the electing Paying Party with the largest Allocated Share shall assume the rejecting Paying Party’s amount. If neither such Constructing Party nor a non-rejecting Paying Party elects to assume the rejecting Paying Party’s amount, the first other non-Paying Party with respect to such Work to provide notice, if any, shall assume such amount. If pursuant to section 9.1 and 9.2, the amounts of all proposed increases in Allocated Cost Maximum for such Work are accepted or assumed, ColumbiaGrid shall issue to each Party a revised Exhibit D reflecting such increased Allocated Cost Maximums with respect to such Work, and such revised Exhibit D shall thereupon be substituted for the previous Exhibit D in this Agreement.

9.3 In the event that a Paying Party rejects an increase to its Allocated Cost Maximum proposed pursuant to this section 9 with respect to Work, the transmission capacity, if any, provided by such Work shall be equitably reallocated among the Parties by agreement of the Parties (and ColumbiaGrid shall issue a revised Exhibit F reflecting such re-allocation, and such revised Exhibit F shall thereupon be substituted for the previous Exhibit F in this Agreement); *provided* that the reallocation shall not reduce the capacity rights of any Party that has not rejected the proposed increase to its Allocated Cost Maximum with respect to such Work if the *Work* is completed; *provided further* that if the Parties do not reach agreement on such reallocation, the matter shall be referred to informal dispute resolution pursuant to section 17 and, if the dispute over the reallocation is not resolved by such informal dispute resolution process, such reallocation shall be resolved with respect to any factual issues by arbitration pursuant to section 17 or other appropriate proceedings with respect to other issues; *provided that* any such informal dispute resolution and arbitration must be commenced within sixty (60) days of receipt of any Notice of Rejection with respect to such proposed increase in the Allocated Cost Maximums.

9.4 If a Constructing Party proposes an increase to the Allocated Cost Maximum with respect to any Work and any portion of such increase is not accepted or assumed pursuant to section 9.1 or 9.2, the Constructing Party shall terminate and wind-up such Work.

9.5 ColumbiaGrid shall not accept or assume any Allocated Cost Maximum (or transmission capacity) pursuant to this section 9.

10. Default of Paying Party

10.1 If any Paying Party fails to make when due any payment to a Constructing Party with respect to any Cost of Work performed by such Constructing Party, such Constructing Party shall promptly give a written notice of default (“Notice of Default”) to each other Party and may, upon providing notification in the Notice of Default, stop such Work until it receives the delinquent payment. Any such Notice of Default shall identify the defaulting Paying Party (“Defaulting Paying Party”), the date such payment was to be made, and the amount of the

delinquent payment. If the Defaulting Paying Party does not, within ten (10) days of its receipt of such Notice of Default, make such payment and give written notice of such payment to each other Party (“Cure”), then the Constructing Party may elect, by written notice of election (“Notice Regarding Assumption”) to each other Party within ten (10) days after the due date for Cure, to either

(i) continue with the Work with respect to which the Defaulting Paying Party is in default and pursue any available remedy for breach by the Defaulting Paying Party of its obligation to pay its Allocated Share of the Cost of Work, and reasonable costs of collection, including attorneys’ fees (the Defaulting Paying Party shall retain its capacity rights, if any, specified in Exhibit F after it has paid its Allocated Share of the Cost of Work and any costs of collection); or

(ii) assume all rights and all current outstanding and future obligations under this Agreement (and in any related capacity agreements entered into to effectuate the [insert the name of the EOP] EOP) of the Defaulting Paying Party, including the Defaulting Paying Party’s capacity rights, if any, specified in Exhibit F (upon such assumption by such Constructing Party, the Defaulting Paying Party shall lose all such rights and be excused from performance of all such current outstanding and future obligations).

10.2 If the Constructing Party fails to elect either item (i) or (ii) of section 10.1, then any other Party (“Assuming Party”) may assume such rights and current outstanding and future obligations by tendering Cure of the default and giving written Notice Regarding Assumption to each other Party within twenty (20) days of the original due date for Cure by the Defaulting Paying Party. Any Notice Regarding Assumption shall specify the Notice of Default giving rise to such Notice Regarding Assumption. If the Constructing Party does not so assume such rights and current outstanding and future obligations of the Defaulting Paying Party, and more than one Party gives Notice Regarding Assumption and tenders Cure with respect to a particular Notice of Default, the Assuming Party shall be the Party otherwise paying or bearing the larger Allocated Share of the Cost with respect to such Work that gives Notice Regarding Assumption and tenders Cure. If only non-Paying Parties with respect to such Work give a Notice Regarding Assumption and tender of Cure, the first such Party to do so shall be the Assuming Party. Neither ColumbiaGrid, the Defaulting Paying Party with respect to such Work, nor the Constructing Party with respect to such Work may give Notice Regarding Assumption pursuant to this section 10.2. Upon any such assumption by an Assuming Party, the Defaulting Paying Party shall lose all such rights and be excused from performance of all such current outstanding and future obligations.

10.3 If neither the Constructing Party giving a Notice of Default nor any Assuming Party assumes pursuant to sections 10.1 or 10.2 the Defaulting Paying Party’s rights and current outstanding and future obligations, such Constructing Party shall promptly by written notice to all other Parties (“Notice of Termination”) terminate and wind up such Work. In such case, the Constructing Party shall be entitled to collect (i) from each Paying Party (including the Defaulting Paying Party) for such Work such Party’s Allocated Share of the Cost of such Work

performed prior to its termination and wind-up (not to exceed such Party's Maximum Allocated Share for such Work) and (ii) from the Defaulting Paying Party 100% of the Termination Cost for such Work. In addition, the Constructing Party shall be entitled to also collect from such Defaulting Paying Party pre-judgment interest, and reasonable costs of collection, including reasonable attorneys' fees.

10.4 The remedies under this section 10 shall be the exclusive remedies for a Paying Party's default of its obligation under this Agreement to make a payment to a Constructing Party with respect to any Cost of Work performed by such Constructing Party. The Defaulting Paying Party shall not recover from any other Party amounts it paid with respect to the Cost of Work prior to its default.

11. Failure of Performance by Constructing Party

11.1 If a Constructing Party breaches its obligations under this Agreement to: (i) complete its Work on the *[insert name of EOP]* EOP in accordance with this Agreement or (ii) perform its Work on the *[insert name of EOP]* EOP consistent with Good Utility Practice, the Constructing Party shall be subject to liquidated damages in accordance with section 15.1 below; *provided that*, for any willful breach by such Constructing Party of such obligations that result in a failure of performance in whole or in part (other than for breaches described in item (i) or (ii)) of this section 11.1 and that are not excused pursuant to section 13, such Constructing Party shall be subject to making restitution of any amounts paid by any Paying Party.

11.2 Except as stated in this section 11, no Constructing Party shall be liable for any breach of this Agreement.

12. Election by Paying Party to Meet Need in Alternative Manner

In the event that a Paying Party that is not a Constructing Party determines either that its Need(s) intended to be met by the *[insert name of EOP]* EOP no longer exists or can be met by such Paying Party in another manner to be implemented by such Paying Party (whether or not any other Party also has a Need intended to be met by the *[insert name of EOP]* EOP), such Paying Party ("Withdrawing Paying Party") may elect to terminate (by giving written notice of termination ("Notice of Termination") to each other Party) its obligation to make payments under this Agreement of (or bear) its Allocated Share of any Cost and incurred by the Constructing Party with respect to Work after its receipt of such Notice of Termination. Upon giving such Notice of Termination, the Withdrawing Paying Party shall (i) lose all its rights and all current outstanding and future obligations under this Agreement (and in any related capacity agreements entered into to effectuate the *[insert the name of the EOP]* EOP), including such Withdrawing Paying Party's capacity rights, if any, specified in Exhibit F and (ii) be excused from performance of all such current outstanding and future obligations. Such rights and current outstanding and future obligations of the Withdrawing Paying Party may be assumed as though such Withdrawing Paying Party were a Defaulting Paying Party with respect to Work under section 10; *provided that* in lieu of the amounts which a Defaulting Paying Party would be required to pay pursuant to section 10, the Withdrawing Paying Party

(i) shall pay to the Constructing Party (or bear) such Withdrawing Paying Party's Allocated Share of any Cost of Work incurred by Constructing Party prior to its receipt of such Notice of Withdrawal, and

(ii) shall pay to ColumbiaGrid an amount ("Withdrawal Fee") equal to ten (10) percent of such Paying Party's Allocated Cost Maximum for Work, and

(iii) shall, if the Withdrawing Paying Party's rights and current outstanding and future obligations are not assumed by any Party(ies) and the Constructing Party terminates the Work, pay to the Constructing Party(ies) for the Work, the Termination Cost of the Work.

In the event that any Paying Party(ies) elects to assume the Withdrawing Paying Party's rights and current outstanding and future obligations with respect to the Work and the Work is completed and placed in commercial operation, ColumbiaGrid shall pay the Withdrawal Fee it receives to the Constructing Party(ies) for the Work, which shall credit such payment against the Cost of the Work.

13. Uncontrollable Force and Other Excused Non-Performance

13.1 Uncontrollable Force

A Party shall not be in breach of this Agreement as a result of such Party's failure or delay to perform its obligations under this Agreement when such failure is caused by an Uncontrollable Force that such Party, despite the exercise of due diligence, is unable to remove with reasonable dispatch; *provided however* that such Party shall have the right to suspend performance of such obligations only to the extent and for the duration that the Uncontrollable Force actually and reasonably prevents the performance of such obligations by such Party. In the event of the occurrence of an Uncontrollable Force that delays or prevents a Party's performance of any of its obligations under this Agreement, such Party shall (i) immediately notify the other Parties of such Uncontrollable Force with such notice to be confirmed in writing as soon as reasonably practicable, (ii) use due diligence to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations under this Agreement, (iii) keep the other Parties apprised of such efforts on an ongoing basis, and (iv) provide written notice of the resumption of performance under this Agreement. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this Agreement involved in such strike, lockout, or labor dispute; and the requirement that a Party must use due diligence to remedy the cause of the Uncontrollable Force or mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes.

13.2 The Constructing Party, after consultation with the other Parties, may defer its Work if and to the extent delay or failure to upgrade facilities on another transmission system would prevent such Work from resolving the Need. The Constructing Party shall promptly notify each of the other Parties in writing of any such deferral and the reasons for such deferral.

13.3 Other Excused Non-Performance

If any Party determines in good faith that the performance of any of its obligations under this Agreement would cause such Party to (i) act contrary to a policy of such Party over which it has discretion relating to siting, budgeting, funding, or construction of transmission projects or (ii) improperly implement any law, regulation, rule, order, or FERC license provision applicable to such siting, budgeting, funding, or construction of transmission projects, such Party shall notify the other Parties of such determination, and all Parties shall enter into good faith negotiations to reasonably resolve the matter to the extent practicable in a manner that will restore the Parties' respective relative benefits and obligations under this Agreement that existed immediately prior to such notification. Each Party to this Agreement is excused from performance of any obligation under this Agreement that the Party determines in good faith would cause the Party to

- (i) act contrary to a policy of such Party over which it has discretion relating to siting, budgeting, funding, or construction of transmission projects, or
- (ii) to violate or improperly implement an applicable law, regulation, rule, order, FERC license provision;

provided that any obligations and liabilities accrued under this Agreement prior to notification of such determination are hereby preserved until satisfied.

14. Interconnected Operation

No contractual obligation of any Party with respect to operation, maintenance, or interconnection of any facilities comprising the Plan of Service shall be created by this Agreement, and any such obligation shall only be pursuant to a separate (existing or new) operating, maintenance, interconnection, or similar agreement.

15. Liability and Damages

15.1 The Parties agree that the failure of any Party to perform its obligations under this Agreement (exclusive of a Party's breach of its obligation under this Agreement to make in a timely manner a payment to a Constructing Party with respect to any Cost of Work performed by such Constructing Party or to bear such Cost) may result in damages to other Parties, but that such damages are indefinite and difficult to quantify. Therefore, in lieu of any other remedy for monetary damages, the Parties agree that in the event of a material breach of this Agreement by any Party ("Breaching Party") that is not cured within a period of sixty (60) days following such Breaching Party's receipt of written notice from any other Party of such breach, the Breaching Party shall pay to ColumbiaGrid the following amounts as liquidated damages and not as a penalty:

15.1.1 For each day that a Party, by breaching its obligation to use reasonable efforts to perform Work for which it is responsible pursuant to Appendix B, causes the *[insert name of EOP]* EOP not to be completed and placed in commercial operation by the Target Date

(or causes the *[insert name of EOP]* EOP to be placed in commercial operation after the Target Date), the sum of \$500 per day up to a maximum aggregate total for all such breaches by such Breaching Party of \$50,000.

15.1.2 For each material breach of this Agreement other than a breach described in section 15.1.1, the sum of \$10,000, up to a maximum aggregate total for all such breaches by such Breaching Party of \$50,000;

15.2 Except as provided in section 15.1.1 or in section 15.1.2 and except as provided with respect to restitution in section 11.1, no Party shall be liable under this Agreement to any other Party for monetary damages for breach of this Agreement, and each Party hereby waives all remedies for monetary damages for breach of this Agreement except as provided in such sections. All other equitable remedies (other than for the payment of money) for breach of this Agreement that may be available as between ColumbiaGrid and a Breaching Party are preserved, subject to the requirements of law and any regulatory authority having jurisdiction.

15.3 Notwithstanding this section 15 or any other provision of this Agreement, nothing in this Agreement shall amend or modify the WIS Agreement as it relates to parties thereto, including any Parties.

15.4 In no event shall any Party have any right against any other Party to specific performance of this Agreement. Nothing in this Agreement shall limit any Party's right to declaratory judgment with respect to declaration of any rights or obligations of any Party under this Agreement.

16. Assignments and Conveyances

16.1 Successors and Assigns

This Agreement is binding on and shall inure to the benefit of the Parties and their respective successors, permitted assigns, and legal representatives.

16.2 Assignment of ColumbiaGrid's Rights and Obligations

ColumbiaGrid shall not, without the prior written consent of each of the other Parties, assign, pledge or transfer all or any part of, or any right or obligation under, this Agreement, whether voluntarily or by operation of law; *provided* nothing in this section 16.2 shall prohibit ColumbiaGrid from contracting with Third Persons for the provision of services to assist ColumbiaGrid in performing its obligations under this Agreement.

16.3 Assignment of a Party's Rights and Obligations

Except as otherwise provided in section 16.4, a Party shall not, without the prior written consent of ColumbiaGrid, assign, pledge, or transfer all or any part of, or any right or obligation under, this Agreement, whether voluntarily or by operation of law; *provided however* that a Party may, without the consent of ColumbiaGrid, assign its rights and obligations under this Agreement to any Person (i) into which such Party is merged or consolidated or (ii) to which such Party sells, transfers, or assigns all or substantially all of its Electric System, so long as the survivor in any such merger or consolidation, or the purchaser, transferee, or assignee of such Electric System provides to each of the other Parties a valid and binding written agreement expressly assuming and agreeing to be bound by all obligations of such Party under this Agreement.

16.4 Assignment of Facilities

Notwithstanding any other provision of this Agreement, any Party may pledge or assign all or any portion of its transmission system without any other Party's consent.

16.5 Effect of Permitted Assignment

In the event of any permitted sale, transfer or assignment under this Agreement, the transferor or assignor shall to the extent of the transferred or assigned obligations, and only to such extent, be relieved of obligations accruing from and after the effective date of such transfer or assignment; *provided however* that under no circumstances shall any sale, transfer, or assignment relieve the transferor or assignor of any liability for any breach of this Agreement occurring prior to the effective date of such transfer or assignment.

16.6 Consent Not Unreasonably Denied or Delayed

Consents to assignment, pledge, or transfer requested pursuant to this section 16 shall not be unreasonably denied or delayed.

17. Informal Dispute Resolution and Arbitration of Factual Disputes

17.1 Informal Dispute Resolution

Any dispute under this Agreement between or among Parties shall be referred to designated senior representatives of such Parties for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days or such other period of not more than forty-five (45) days as the Parties may agree upon by mutual agreement, any factual dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below in sections 17.2 through 17.6 and any other dispute shall be subject to resolution in the appropriate forum unless otherwise agreed by such Parties.

17.2 Arbitration of Factual Dispute Procedures

Any factual dispute under this Agreement not resolved pursuant to section 17.1 between or among Parties (“Arbitrating Parties”) shall be resolved pursuant to sections 17.2 through 17.6 below, unless otherwise agreed in writing among such Arbitrating Parties. Any arbitration initiated under this section 17 shall be conducted before a single neutral Arbitrator appointed by the Arbitrating Parties. If the Arbitrating Parties fail to agree upon a single Arbitrator within ten (10) days of the referral of the dispute to arbitration, the Arbitrating Parties shall take turns striking names from the list of potential arbitrators maintained and supplied by ColumbiaGrid pursuant to section 17.6, with an Arbitrating Party chosen by lot first striking a name. The last-remaining name not stricken shall be designated as the Arbitrator for such dispute. If that individual is unable or unwilling to serve, the individual last stricken from the list shall be designated as the Arbitrator (and the process repeated until an individual is selected who is able and willing to serve). Absent the express written consent of all Arbitrating Parties as to any particular individual, a person shall not be eligible for selection as an Arbitrator if such person (i) is a past or present officer, member of the governing body, employee of or consultant to any of the Arbitrating Parties, or of an entity related to or affiliated with any of the Arbitrating Parties or (ii) has any current or past substantial business or financial relationships with any of the Arbitrating Parties (except as an arbitrator in any prior arbitration). The Arbitrator shall provide each of the Arbitrating Parties an opportunity to be heard and, except as otherwise provided in this section 17, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

17.3 Arbitration Decisions

Unless otherwise agreed in writing by the Arbitrating Parties, the Arbitrator shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The Arbitrator shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any of the provisions of this Agreement in any manner. The decision of the Arbitrator shall be final and binding upon the Arbitrating Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the Arbitrator may be appealed solely on the grounds that the conduct of the Arbitrator, or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the Arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

17.4 Costs

Each Arbitrating Party shall be responsible for its own costs incurred during the arbitration process and for an equal share of the cost of the single Arbitrator.

17.5 Rights Under The Federal Power Act

Nothing in this section shall restrict the rights of any Party to file a complaint with the Commission or seek any other relief under relevant provisions of the Federal Power Act.

17.6 List of Potential Arbitrators

ColumbiaGrid shall establish, and from time to time update, a list of not less than 5 potential arbitrators. Potential arbitrators on such list shall be generally knowledgeable about electric utility matters and policies, criteria, and regulatory requirements applicable to the Regional Interconnected Systems. ColumbiaGrid shall furnish such list for use pursuant to section 17.2.

18. Notices

18.1 Permitted Methods of Notice

Any notice, demand, or request in accordance with this Agreement, unless otherwise provided in this Agreement, shall be in writing and shall be deemed properly served, given, or made to the address of the receiving Party set forth below (i) upon delivery if delivered in person, (ii) upon execution of the return receipt, if sent by registered United States or Canadian mail, postage prepaid, return receipt requested, or (iii) upon delivery if delivered by prepaid commercial courier service.

The address of ColumbiaGrid shall be:

[Insert address and representative for ColumbiaGrid]

Attn: _____

[Insert names, addresses, and representatives for other Parties]

The address of _____ shall be:

Attn: _____

18.2 Change of Notice Address

Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified to receive notice on its behalf.

18.3 Routine Notices

Any notice of a routine character in connection with this Agreement shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this Agreement.

19. Amendment or Modification

19.1 Amendment by Mutual Agreement

This Agreement may not be amended or modified except by any subsequent mutual written agreement, duly executed by all Parties.

19.2 Invalidity

If any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification, or condition.

19.3 Conformance to Pro Forma

The Parties shall not, without the prior written consent of all parties to the Planning Agreement, which consent is not to be unreasonably withheld, amend this Agreement to be inconsistent with the pro forma Facilities Agreement set forth in the Planning Agreement. If the Planning Agreement is amended by the parties thereto so as to amend the pro forma Facilities Agreement set forth in the Planning Agreement, ColumbiaGrid shall offer an amendment to this Agreement to conform this Agreement to such amended pro forma Facilities Agreement.

20. Construction of Agreement

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

21. Integration

This Agreement, including the Exhibits hereto, constitutes the complete agreement of the Parties and supersedes all prior or contemporaneous representations, statements, negotiations, understandings, and inducements with respect to the subject matter hereof. The Exhibits hereto, as they may be revised from time to time, are incorporated by reference as if fully set forth in this Agreement.

22. Existing Agreements Preserved

Nothing in this Agreement shall be interpreted to supersede the requirements of any existing agreement unless otherwise expressly stated in this Agreement.

23. Governing Law

This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of *[insert the state where facility/ies are to be located]*, except to the extent that such laws may be preempted by the laws of the United States or of Canada, as applicable; *provided however* that notwithstanding the foregoing, with respect to a dispute involving a Party that is a United States government entity (including, but not limited to, a federal power marketing administration), this Agreement shall in all respects be interpreted, construed, and enforced in accordance with the laws of the United States. The Parties acknowledge that with respect to a Party that is an agency of the United States federal government, under law in effect as of the effective date of this Agreement, such agency has not by this Agreement waived its sovereign immunity.

24. Singular and Plural; Use of “Or”

Any use of the singular in this Agreement also includes the plural and any use of the plural also includes the singular. References to “or” shall be deemed to be disjunctive but not necessarily exclusive. References to “including,” “include,” and “includes” shall be deemed to mean “including but not limited to,” “include but not limited to,” and “includes but not limited to,” respectively.

25. Headings for Convenience Only

The section headings in this Agreement are intended for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any provisions of this Agreement.

26. Relationship of the Parties

26.1 No Partnership, Etc.

Nothing contained in this Agreement shall be construed to create an association, joint venture, trust, or partnership or to impose a trust or partnership covenant, obligation, or liability on or with regard to any of the Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities under this Agreement.

26.2 Rights Several

All rights of the Parties are several, not joint. Except as may be expressly provided in this Agreement, no Party shall have a right or power to bind any other Party without such Party’s express written consent.

27. No Third Person Beneficiaries

This Agreement shall not be construed to create rights in, or to grant remedies to, any third Person as a beneficiary of this Agreement or of any duty, obligation, or undertaking established in this Agreement.

28. No Dedication of Facilities

No undertaking by any Party to another Party under or pursuant to any provision of this Agreement shall constitute or be deemed to constitute a dedication of all or any portion of any Party's transmission system, to any other Party or to the public.

29. Nonwaiver

Any waiver at any time by any Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any other default or other matter arising in connection with this Agreement. Any waiver must be delivered in writing, executed by an authorized representative of the Party granting such waiver. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

30. Further Actions and Documents

Each Party agrees to do all things, including, but not limited to, the preparation, execution, delivery, filing, and recording of any instruments or agreements reasonably requested by any other Party necessary to carry out the provisions of this Agreement.

31. Counterparts

This Agreement may be executed in counterparts, which may be executed at different times. Each counterpart shall constitute an original but all counterparts together shall constitute one and the same instrument. ColumbiaGrid shall maintain the original signature pages, and shall prepare and distribute a conformed copy of this Agreement to the Parties.

32. Representation of Authority

Each Party, upon its execution and delivery of this Agreement, represents that it has authority to enter into and perform this Agreement. Each Party represents that the individual signing this Agreement on its behalf is authorized to sign this Agreement on behalf of the Party for which such individual signs.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in their respective names.

Columbia Grid

By: _____
Its: _____

[Insert names of Parties]

[Name]

By: _____
Its: _____

[Name]

By: _____
Its: _____

Exhibit A

PLAN OF SERVICE

Exhibit B

| Facility and Work Description | Design Responsibility | Siting Responsibility | Equipment Procurement and Construction Responsibility | Allocated Share Among Parties A/B/C, etc. | Facility Ownership Share Percentage Among Parties A/B/C, etc. | Comments |
|--------------------------------------|------------------------------|------------------------------|--|--|--|-----------------|
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Exhibit C
PERFORMANCE MILESTONES

Exhibit D
COST ALLOCATION

Exhibit E
ESTIMATED PAYMENT SCHEDULE

Exhibit F

ADDITIONAL OR MAINTAINED TRANSMISSION CAPACITY

APPENDIX C

PRO FORMA

INTERREGIONAL TRANSMISSION PROJECT AGREEMENT

FOR

[Insert name of ITP] ITP

AMONG

COLUMBIAGRID

AND

[Insert name(s) of ITP Proponent(s)]

INTERREGIONAL TRANSMISSION PROJECT AGREEMENT

This INTERREGIONAL TRANSMISSION PROJECT AGREEMENT (“Agreement”) is entered into as of [insert date], by and among ColumbiaGrid, a Washington non-profit corporation, and [insert name(s) of the ITP Proponent(s)] (“ITP Proponent(s)”) (individually referred to as “Party” and in the plural referred to as “Parties”).

RECITALS

A. ColumbiaGrid is intended to promote in the public interest, coordinated and reliable planning, expansion, and operation of the interconnected transmission systems in the Pacific Northwest, taking into consideration environmental concerns, regional interests, public policy, efficiency, and cost effectiveness.

B. ColumbiaGrid provides a transmission planning process which evaluates transmission needs and solutions for such needs for and on behalf of signatories to the Fourth Amendment and Restatement of the Planning and Expansion Functional Agreement (such Fourth Amendment and Restatement, as it may be hereafter amended, is referred to in this Agreement as the “PEFA”; signatories to the PEFA other than ColumbiaGrid are referred to as “Planning Parties”).

C. [[ITP Proponent(s) is(are) not a signatory(ies) to the PEFA, but participates in regional transmission planning through [insert name of transmission planning region].]]

OR

[[ITP Proponent(s) is(are) not a signatory(ies) to the PEFA, but does(do) not participate in any other regional transmission planning.]]

D. ITP Proponent(s) is a proponent of a proposed Interregional Transmission Project, as more fully described in Exhibit A to this Agreement (the “Project”) for which the ITP Proponent anticipates that ColumbiaGrid would be a Relevant Planning Region and, therefore, ITP Proponent(s) desires to have its(their) ITP jointly evaluated by ColumbiaGrid pursuant to Sections 13 and 14 of Appendix A of the PEFA.

E. ITP Proponent(s), by entering into this Agreement, may request joint evaluation and/or Order 1000 Cost Allocation for the Project in accordance with and subject to the provisions of Sections 13 and 14 of Appendix A of the PEFA and other applicable provisions of the PEFA all in accordance with this Agreement.

AGREEMENT

1. Definitions

All capitalized terms not defined in this Agreement shall have the meanings given to such terms in the PEFA.

2. Term

This Agreement shall become effective on the date first stated above and shall continue in effect until occurrence of the earliest to occur of the following: this Agreement is terminated pursuant to this section by the ITP Proponent(s), this Agreement is terminated pursuant to this section by any Party that has a right under the provisions of section 5.3 of this Agreement to terminate this Agreement, the Project is withdrawn as an ITP from ColumbiaGrid's transmission planning process, ColumbiaGrid is no longer a Relevant Planning Region with respect to the Project, the Project is listed in a Plan either as qualifying or not qualifying as an Order 1000 Project, or the ITP Proponent(s) abandon or cease performance under this Agreement. The ITP Proponent(s) may terminate this Agreement at any time by providing ColumbiaGrid written notice that it is withdrawing the Project, and any Party that has a right under the provisions of section 5.3 of this Agreement to terminate this Agreement may terminate this Agreement by providing ColumbiaGrid written notice that it is terminating this Agreement pursuant to this section. If ITP Proponent(s) or any Party so terminates this Agreement pursuant to this section or if this Agreement terminates because the ITP Proponent(s) abandon or cease performance under this Agreement, (i) ColumbiaGrid will notify all other Relevant Planning Regions of such termination, (ii) ColumbiaGrid shall have no further obligation under this Agreement to jointly evaluate the Project, and (iii) ITP Proponent(s) will not be eligible to request Order 1000 Cost Allocation for the Project and, if ITP Proponent(s) requested Order 1000 Cost Allocation for the Project prior to termination of this Agreement, such request shall be deemed withdrawn. Any obligations accrued under this Agreement prior to its termination shall survive until such obligations are satisfied. In the event that there are two or more ITP Proponents that are Parties to this Agreement, any one or more (but not all) of such ITP Proponents may by written notice to all other Parties withdraw as Parties to this Agreement with the written consent of all non-withdrawing ITP Proponents that are

Parties to this Agreement; *provided, that* all obligations of any withdrawing ITP Proponent accrued under this Agreement prior to its withdrawal shall survive until such obligations are satisfied, and no such withdrawal shall excuse any non-withdrawing ITP Proponent from any of its obligations under this Agreement.

3. Payment

Immediately upon its execution of this Agreement, ITP Proponent(s) shall pay to ColumbiaGrid a total amount equal to \$50,000; *provided, however,* that such payment requirement shall be waived if any ITP Proponent is enrolled in a transmission planning region (other than ColumbiaGrid) that performs transmission planning in the Western Interconnection that similarly waives or does not impose any payment requirement for entities enrolled in ColumbiaGrid that seek joint evaluation or cost allocation for an ITP in such transmission planning region. For the avoidance of doubt, ColumbiaGrid shall have no obligation under this Agreement unless or until such payment from ITP Proponent(s) is received by ColumbiaGrid, and such payment shall not be refundable.

4. Joint Evaluation and Order 1000 Cost Allocation

ITP Proponent(s) shall submit the Project to ColumbiaGrid in accordance with Sections 13.4.1 and 14 of Appendix A of the PEFA. If ITP Proponent(s) requests Order 1000 Cost Allocation for the Project, it shall make such request to ColumbiaGrid in accordance with Sections 13.5.1 and 14 of Appendix A of the PEFA. ITP Proponent(s) shall, with respect to the Project, cooperate with and support ColumbiaGrid in the implementation of its responsibilities under the PEFA with regard to the joint evaluation of, and, if applicable, application of ColumbiaGrid's Order 1000 Cost Allocation Methodology to, the Project. Without limitation of the generality of the foregoing, each ITP Proponent(s) expressly acknowledges that, in accordance with section 14.3 of Appendix A of the PEFA, the TOPP(s) or ITP Proponent(s) that submitted the ITP is to assume primary responsibility for leading and performing necessary analytical work for such ITP in the Study Team.

With respect to the Project and for purposes of the joint evaluation of, and if applicable Order 1000 Cost Allocation for, the Project through the ColumbiaGrid planning process, ITP Proponent(s) shall comply with, the provisions of the PEFA (except as otherwise provided herein) as though ITP Proponents(s) were a Planning Party(ies), ITP Proponent(s), or Order 1000 Sponsor(s) (as applicable) under the PEFA, including the following sections of the PEFA:

- Section 1 –Definitions
- Section 2—Biennial Transmission Plans and Updates
- Section 3—Plan Methodology
- Section 4—ColumbiaGrid Transmission Planning Process Requirements
- Section 10—Order 1000 Projects and Cost Allocation
- Section 11—Authorization for ColumbiaGrid to Perform Obligations Under This Agreement
- Section 12—Limitations of Liability Among Planning Parties
- Section 13.3—First Party Claims
- Section 13.5—Inaccurate or Incomplete Data or Information

- Section 13.6—Limitation of Damages
- Section 14—Uncontrollable Force
- Section 16—Confidentiality Obligations
- Section 19.3—Construction of Agreement
- Section 19.6—Governing Law
- Section 19.8—Singular and Plural; Use of “Or”
- Section 19.9—Headings for Convenience Only
- Section 19.10—Relationship of the Parties
- Section 19.11—No Third Person Beneficiaries
- Section 19.12—No Dedication of Facilities
- Section 19.13—Nonwaiver
- Appendix A (except as provided below)—Transmission Planning Process

ColumbiaGrid shall jointly evaluate, and if applicable apply its Order 1000 Cost Allocation Methodology to, the Project in accordance with the foregoing provisions of the PEFA.

Notwithstanding the foregoing, the following provisions of the PEFA are specifically not applicable to this Agreement and shall not constitute obligations under this Agreement of any Party:

- Section 5—Commitment to Move to Common Queue and Explore Other Improvements
- Section 6—Offer and Execution of Facilities Agreements; Other Agreements
- Section 7—Regional and Interregional Transmission Coordination
- Section 8—Payment
- Section 9—Budgets
- Section 13.4—Third Person Claims
- Section 15—Assignments and Conveyances
- Section 17—Effective Date
- Section 18—Withdrawal
- Section 19—Miscellaneous, except as specifically included above
- Appendix B—Facilities Agreement

In addition to the provisions listed above, the provisions of the PEFA that provide for Non-Order 1000 Cost Allocation, including specifically any such provisions in Sections 5.4, 6.4, 8.4, and 9.4 of Appendix A of the PEFA, are not applicable to this Agreement and shall not constitute obligations of any Party under this Agreement.

ITP Proponent(s) each acknowledge that, by the Parties entering into and performing this Agreement, no ITP Proponent(s) becomes party to, or third-party beneficiary under, the PEFA.

5. Miscellaneous

5.1 Assignments and Conveyances

This Agreement is binding on and shall inure to the benefit of the Parties and their respective successors, permitted assigns, and legal representatives. ITP Proponent(s) shall not, without the prior written consent of ColumbiaGrid (which consent shall not be unreasonably denied or delayed), assign, pledge, or transfer all or any part of, or any right or obligation under, this Agreement, whether voluntarily or by operation of law; provided, however, that ITP Proponent(s) may, without the consent of ColumbiaGrid, assign its rights and obligations under this Agreement to any Person (i) into which ITP Proponent(s) is merged or consolidated or (ii) to which ITP Proponent(s) sells, transfers, or assigns all or substantially all of its assets, so long as the survivor in any such merger or consolidation, or the purchaser, transferee or assignee of such assets provides to ColumbiaGrid a valid and binding written agreement expressly assuming and agreeing to be bound by all obligations of ITP Proponent(s) under this Agreement.

5.2 Other Reports

ColumbiaGrid may, upon reasonable notice to ITP Proponent(s), request that ITP Proponent(s) provide ColumbiaGrid with such other information or reports as ColumbiaGrid may reasonably deem necessary for its performance of this Agreement. ITP Proponent(s) shall, except to the extent prohibited by law, make all such information or reports available to ColumbiaGrid within a reasonable period of time and in a form specified by ColumbiaGrid, subject to any applicable provisions for protection of Confidential Information or CEII.

5.3 Amendment or Modification

This Agreement may not be amended or modified except by any subsequent mutual written agreement, duly executed by all Parties to this Agreement. If any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification, or condition. If a Party finds such holding, modification, or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, a Party may terminate this Agreement pursuant to Section 2 of this Agreement.

5.4 Construction of Agreement

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

5.5 Headings for Convenience Only

The section headings in this Agreement are intended for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any provisions of this Agreement.

5.6 Relationship of the Parties

Nothing contained herein shall be construed to create an agency, association, joint venture, trust, or partnership or to impose a trust or partnership covenant, obligation, or liability on or with regard to any of the Parties or any of the Planning Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities under this Agreement. All rights of the Parties are several, not joint. Except as may be expressly provided in this Agreement, no Party shall have a right or power to bind any other Party without such other Party's express written consent.

5.7 No Dedication of Facilities

No undertaking by any Party under or pursuant to any provision of this Agreement shall constitute or be deemed to constitute a dedication of all or any portion of such Party's Transmission System to any other Party or to the public.

5.8 No Third Person Beneficiaries

This Agreement shall not be construed to create rights in, or to grant remedies to, any third person as a beneficiary of this Agreement or any duty, obligation, or undertaking established in this Agreement.

5.9 Nonwaiver

Any waiver at any time by any Part of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any other default or other matter arising in connection with this Agreement. Any waiver must be delivered in writing, executed by an authorized representative of the Party granting such waiver. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

5.10 Integration

This Agreement, including the appendices hereto, constitutes the complete agreement of the Parties and supersedes all prior or contemporaneous representations, statements, negotiations, understandings, and inducements with respect to the subject matter of this Agreement. The appendices hereto, as they may be revised from time to time, are incorporated by reference as if fully set forth in this Agreement.

5.11 Notices

Any notice, demand, or request to a Party in accordance with this Agreement shall be in writing and shall be deemed properly served, given, or made to the address of the receiving Party set forth below (i) upon delivery if delivered in person, (ii) upon execution of the return receipt, if sent by registered United States or Canadian mail, postage prepaid, return receipt requested, or (iii) upon delivery if delivered by prepaid commercial courier service.

The address of ColumbiaGrid shall be:

8338 NE Alderwood Road
Suite 140
Portland, OR 97220
Attn: Chief Executive Officer

The address of ITP Proponent(s) shall be:

[[insert address]]

Any Party may at any time, by notice to the other Party(ies), change the designation or address of the person specified to receive notice on its behalf.

5.12 Governing Law

This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of Washington, except to the extent that such laws may be preempted by the laws of the United States or of Canada, as applicable.

5.13 Representation of Authority and Counterparts

Each Party, upon its execution and delivery of this Agreement, represents that it has authority to enter into and perform this Agreement. Each Party represents that the individual signing this Agreement on its behalf is authorized to sign this Agreement on behalf of the Party for which such individual signs. This Agreement may be executed in counterparts, which may be executed at different times. Each counterpart shall constitute an original, but all counterparts together shall constitute one and the same instrument. ColumbiaGrid shall maintain the original signature page(s).

| <u>ColumbiaGrid</u> | <u>[[Insert Name]]</u> |
|----------------------------|-------------------------------|
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

Exhibit A – Description of Project

Attachment D



**[[insert name/number of this part of Attachment K/Tariff]]
Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language**

[Note: While the majority of the following is intended to be common language used by all four Planning Regions, in some instances the Planning Regions have discretion on whether to address a topic and what language to use. Those instances have been noted. In addition, the language may be formatted or capitalized differently to match individual Planning Region style.]

Where there are bracketed references to "[[Planning Region]]", each Planning Region is to insert its name.

ColumbiaGrid, Northern Tier, and WestConnect will reflect the following language in their Attachment Ks (and will use the term "part" or "Part"). CA ISO does not have an Attachment K and will add this to its general tariff (and will use the term "section" or "Section").

Introduction

[Note: Introductory language will be at the discretion of each Planning Region.]

This [[insert name/number of this part of Attachment K/Section ___]] sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions. [[Planning Region]] is to conduct the activities and processes set forth in this [[insert name/number of this part of [[Attachment K/Section ___]] in accordance with the provisions of this [[insert name/number of this part of Attachment K/Section ___]] and the other provisions of this [[Attachment K/tariff]].

Nothing in this [[part/section]] will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

Any Interregional Cost Allocation regarding any ITP is solely for the purpose of developing information to be used in the regional planning process of each Relevant Planning Region, including the regional cost allocation process and methodologies of each such Relevant Planning Region.

References in this [part/section] to any transmission planning processes, including cost allocations, are references to transmission planning processes pursuant to Order 1000.

Section 1. Definitions

The following capitalized terms where used in this Part [***] of Attachment K, are defined as follows: *[Note – CA ISO will incorporate definitions into its tariff's general definition section]*

Annual Interregional Coordination Meeting: shall have the meaning set forth in Section 3 below.

Annual Interregional Information: shall have the meaning set forth in Section 2 below.

Interregional Cost Allocation: means the assignment of ITP costs between or among Planning Regions as described in Section 5.2 below.

Interregional Transmission Project (“ITP”): means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Section 4.1.

[Optional Language] **Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language:** means this [[Section ___/Part ___]], which relates to Order 1000 interregional provisions.

Planning Region: means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: California Independent System Operator Corporation, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

Relevant Planning Regions: means, with respect to an ITP, the Planning Regions that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with Section 4.2, at which time it shall no longer be considered a Relevant Planning Region.

Section 2. Annual Interregional Information Exchange

Annually, prior to the Annual Interregional Coordination Meeting, [[Planning Region]] is to make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in [[Planning Region's]] transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:

- (a) identification of base cases;
 - (b) planning study assumptions; and
 - (c) study methodologies;
- (ii) initial study reports (or system assessments); and
 - (iii) regional transmission plan

(collectively referred to as “Annual Interregional Information”).

[[Planning Region]] is to post its Annual Interregional Information on its website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process [[Planning Region’s]] Annual Interregional Information. [[Planning Region]] may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

[[Planning Region]] is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by [[Planning Region]] in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if [[Planning Region]] reasonably determines that making such information available or otherwise providing such information would constitute a violation of the Commission’s Standards of Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by [[Planning Region]] shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under [[Planning Region’s]] regional transmission planning process. *[[Optional Language - Any Annual Interregional Information made available or otherwise provided by [[Planning Region]] shall be “AS IS” and any reliance by the receiving Planning Region on such Annual Interregional Information is at its own risk, without warranty and without any liability of [[Planning Region]] or any [if this is used, Planning Region can put in the descriptor they want]] in [[Planning Region]], including any liability for (a) any errors or omissions in such Annual Interregional Information, or (b) any delay or failure to provide such Annual Interregional Information.]]*

Section 3. Annual Interregional Coordination Meeting

[[Planning Region]] is to participate in an Annual Interregional Coordination Meeting with the other Planning Regions. [[Planning Region]] is to host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31st. The Annual Interregional Coordination Meeting is to be open to stakeholders. [[Planning Region]] is to provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

- (i) each Planning Region's most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);
- (ii) identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and
- (iii) updates of the status of ITPs being evaluated or previously included in [[Planning Region's]] regional transmission plan.

Section 4. ITP Joint Evaluation Process

4.1 Submission Requirements

A proponent of an ITP may seek to have its ITP jointly evaluated by the Relevant Planning Regions pursuant to Section 4.2 by submitting the ITP into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region's regional transmission planning process and no later than March 31st of any even-numbered calendar year. Such proponent of an ITP seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the ITP to each such Planning Region in accordance with such Planning Region's regional transmission planning process. In addition to satisfying each Relevant Planning Region's information requirements, the proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the ITP is being submitted.

4.2 Joint Evaluation of an ITP

For each ITP that meets the requirements of Section 4.1, [[Planning Region]] (if it is a Relevant Planning Region) is to participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the ITP's submittal in accordance with Section 4.1 or the immediately following calendar year. With respect to any such ITP, [Planning Region]] (if it is a Relevant Planning Region) is to confer with the other Relevant Planning Region(s) regarding the following:

- (i) ITP data and projected ITP costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the ITP pursuant to its regional transmission planning process.

For each ITP that meets the requirements of Section 4.1, [[Planning Region]] (if it is a Relevant Planning Region):

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect [[Planning Region's]] evaluation of the ITP;
- (b) is to provide stakeholders an opportunity to participate in [[Planning Region's]] activities under this Section 4.2 in accordance with its regional transmission planning process;
- (c) is to notify the other Relevant Planning Regions if [[Planning Region]] determines that the ITP will not meet any of its regional transmission needs; thereafter [[Planning Region]] has no obligation under this Section 4.2 to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of [[Planning Region's]] regional transmission needs.

Section 5. Interregional Cost Allocation Process

5.1 Submission Requirements

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with Section 4.1, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from [[Planning Region]] and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

5.2 Interregional Cost Allocation Process

For each ITP that meets the requirements of Section 5.1, [[Planning Region]] (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to ITPs;
- (ii) [[Planning Region's]] regional benefits stated in dollars resulting from the ITP, if any; and

- (iii) assignment of projected costs of the ITP (subject to potential reassignment of projected costs pursuant to Section 6.2 below) to each Relevant Planning Region using the methodology described in this section 5.2.

For each ITP that meets the requirements of Section 5.1, [[Planning Region]] (if it is a Relevant Planning Region):

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect [[Planning Region's]] analysis;
- (b) is to provide stakeholders an opportunity to participate in [[Planning Region's]] activities under this Section 5.2 in accordance with its regional transmission planning process;
- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in [[Planning Region]], [[Planning Region]] is to use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; [[Planning Region]] may use such information to identify its total share of the projected costs of the ITP to be assigned to [[Planning Region]] in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in [[Planning Region]];
- (f) is to determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to this Section 5.2 in the same general time frame as its joint evaluation activities pursuant to Section 4.2.

Section 6. Application of Regional Cost Allocation Methodology to Selected ITP

6.1 Selection by All Relevant Planning Regions

If [[Planning Region]] (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, [[Planning Region]] is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections 5.2(d) or 5.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

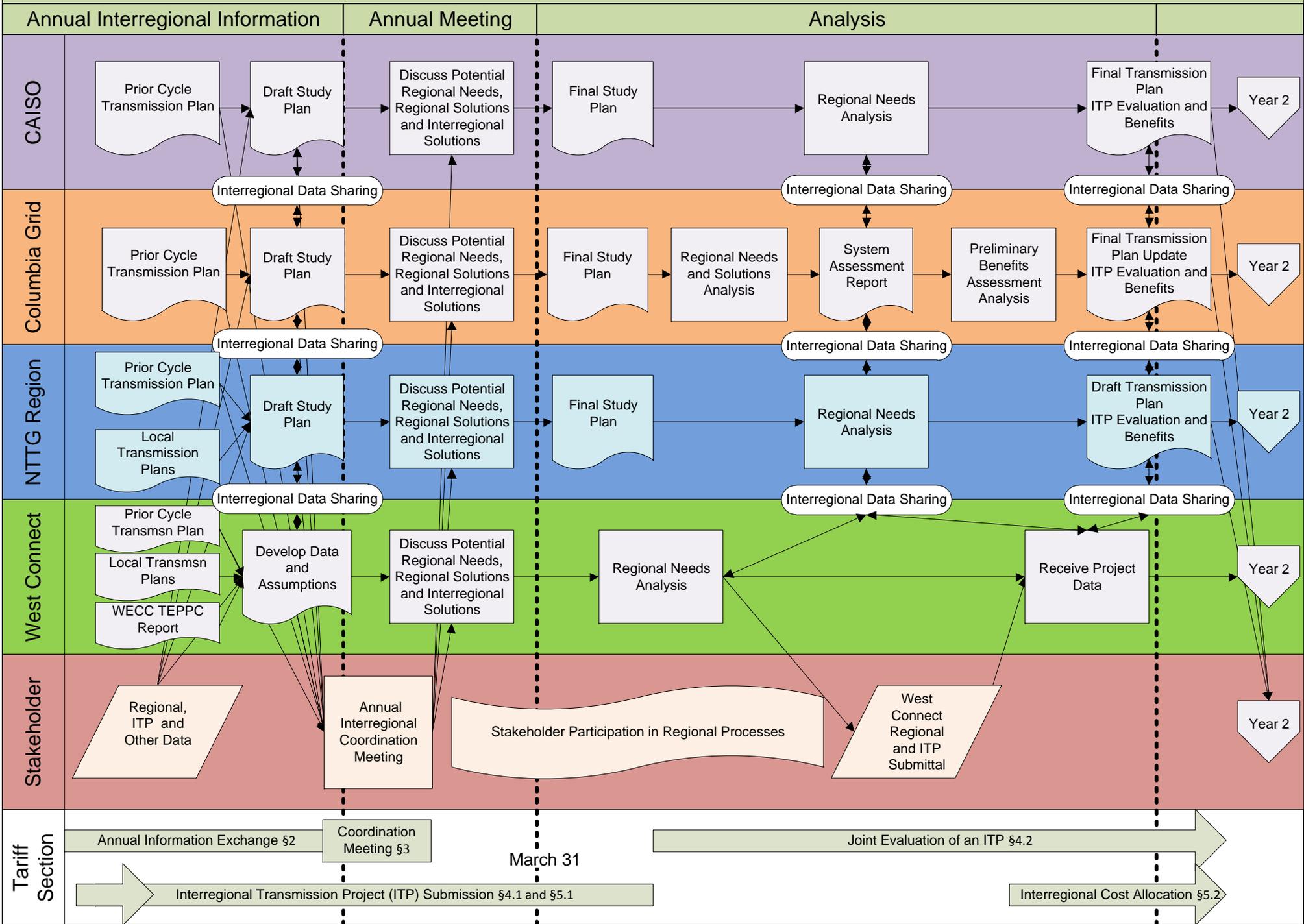
6.2 Selection by at Least Two but Fewer than All Relevant Regions

If the [[Planning Region]] (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, [[Planning Region]] is to evaluate (or reevaluate, as the case may be) pursuant to Sections 5.2(d), 5.2(e), and 5.2(f) above whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the ITP remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of [[Planning Region]] and at least one other Relevant Planning Region, [[Planning Region]] is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections 5.2(d) or 5.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

Attachment E

Interregional Coordination Process Representative Schedule (Year 1)



Interregional Coordination Process Representative Schedule (Year 2)

