

ATTACHMENT K

Transmission Planning Process PART I

INTRODUCTION

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

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

All Single System Projects proposed in the local transmission planning process are incorporated into and subject to the coordinated sub-regional transmission planning process. The Transmission Provider will coordinate its transmission planning directly with Interested Stakeholders, and with other Northwest parties, neighboring transmission providers, and Interested Persons in the ColumbiaGrid planning process. The ColumbiaGrid planning process is structured to support and manage the coordination of the multi-system planning of the ColumbiaGrid TOPPs, including related studies. Such responsibilities are detailed in the ColumbiaGrid Planning and Expansion Functional Agreement, which is posted on the ColumbiaGrid website. In addition, the PEFA requires ColumbiaGrid to coordinate with entities that are not Planning Parties, to the extent possible. To that end, ColumbiaGrid may become a member of and participate in appropriate transmission planning forums, committees, and work groups applicable to the geographic areas served by the Planning Parties for purposes of collecting and sharing information.

Further, the Transmission Provider participates in coordinated planning throughout the Western Interconnection through its membership in the WECC and participation in the WECC Transmission Expansion Planning Policy Committee ("TEPPC"). TEPPC provides 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.

With respect to any request for transmission service or interconnection received by the Transmission Provider, nothing in this Attachment K shall preclude the Transmission Provider from responding as the Transmission Provider determines is appropriate under its Tariff.

PART II

RESPONSIBILITIES UNDER ATTACHMENT K

The planning processes described in this Attachment K are intended to result in coordinated local, sub-regional and regional transmission plans while preserving the responsibilities of the Transmission Provider under other provisions of the Tariff to provide Transmission Service and interconnection service on its Transmission System.

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

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

If any Transmission Customer fails to provide data as required by this Attachment K, the Transmission Provider cannot effectively include such customer and its Needs in the Transmission Provider's planning.

PART III

THE AVISTA LOCAL TRANSMISSION PLANNING PROCESS

1. Overview

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

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

2. Local Planning Process Participation

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

2.1 Confidential Information

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

2.1.1 Access for Transmission Customers (w/OASIS access)

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

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

(i) Transmission Customer shall use any CEII received from the Transmission Provider only for such Transmission Customer's legitimate interest and legitimate need and shall only share such CEII with its employees, subcontractors, and agents who need to know such information for such Transmission Customer's legitimate interest and legitimate need and who have agreed, for the benefit of the Transmission Provider, to be bound (in the same manner as such Transmission Customer) by the terms of this section;

(ii) Transmission Customer shall take reasonable steps to protect any CEII received from the Transmission Provider (but in any event steps that are no less rigorous than such Transmission Customer would use to protect its own confidential information), to ensure that the Transmission Customer who receives such CEII directly or indirectly from such Transmission Customer distributes such CEII further except as permitted pursuant to subsection (i) above of this section; and

(iii) Transmission Customer shall destroy any CEII received from Transmission Provider and in such Transmission Customer's possession if and at such time when such CEII no longer serves the purposes described above, when such Transmission Customer is not an entity eligible to receive CEII, or when such CEII has been superseded or has become obsolete. Upon request by the Transmission Provider, such Transmission Customer shall certify to the Transmission Provider that such destruction has occurred.

2.1.2 Other Requests for CEII

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

2.2 Customer Information

2.2.1 Network Customer Data

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

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

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

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

2.2.2 Point-to-Point Customer Data

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

(i) projections of need for Point-to-Point Transmission Service or other transmission service over the planning horizon, including transmission capacity, duration, and Point(s) of Receipt and Point(s) of Delivery;

(ii) planned additions or upgrades (including status and expected in-serve date), planned retirements and environmental or other operating restrictions with respect to each of such customer's or entity's generating facility (or other generator of greater than 20 MW) interconnected with the Transmission Provider's Transmission System; and

(iii) any other Data reasonably requested by Transmission Provider from such Point-to-Point Customer or entity in connection with planning activities pursuant to this Attachment K

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

2.2.3 Additional Data

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

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

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

2.2.4 Submission of Data

Data must be submitted to the Transmission Provider by the date specified by the Transmission Provider if it is to be included in the local transmission planning process. Such Data may be submitted to the Transmission Provider in electronic format (e.g., Excel spreadsheet) via electronic mail at transmission.services@avistacorp.com.

2.2.5 Use of Data

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

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

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

2.2.6 Data Confidentiality

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

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

2.3 Cost Recovery for Local Transmission Planning Process Participation

The Transmission Provider shall hold all local transmission planning process meetings within the Transmission Provider's retail electric service territory in a central location to minimize local travel costs for participants. Individual participants in the local transmission planning process are invited to participate through their local electric utility service provider. Recovery of local planning process participation costs for such individuals may be available through their local electric utility service provider. Recovery of costs of participation by any of the Transmission Provider's bundled retail Native Load Customers and any state authorities shall be pursuant to applicable state tariffs and policies. If any Interested Stakeholder is unable to attend a meeting or otherwise participate in the local transmission planning process, the Transmission Provider shall provide electronic or hardcopies of all reports, meeting notes, and any additional pertinent materials (except CEII) upon written request within 30 calendar days. To the extent any CEII is requested under this section, such request shall be made in accordance with section 2.1.2 of this Attachment K.

3. Local Transmission Planning Process Meetings

3.1 Meeting Notification

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

3.2 Study Development Meeting

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

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

The scope of the Study Development Meeting may include the sharing of load and resource forecast information, construction plans by Network Customers for new Points of Delivery, service reliability issues, communications of changes in system operations and contract administration details. Interested Stakeholders and customers are also welcome to provide topics of discussion.

3.3 Review of Study Results/Draft Transmission Plans Meeting

The Transmission Provider shall hold an open meeting (the Review of Study Results/Draft Transmission Plans Meeting) to review the results of the study process and to discuss the draft Local Planning Report within thirty (30) days following completion of the draft Local Planning Report. The Transmission Provider shall post the draft Local Planning Report with the notification of the meeting. During this meeting, and for fifteen (15) calendar days following this meeting, all Interested Stakeholders are encouraged to provide the Transmission Provider with any comments, including alternatives to the projects proposed in the draft Local Planning Report. The Transmission Provider shall

consider the alternative Single System Projects provided by any Interested Stakeholders. The Transmission Provider shall address the choice to proceed with the Single System projects proposed in the draft Local Planning Report or the alternatives provided by any Interested Stakeholders in the final Local Planning Report. The Transmission Provider shall post on the Transmission Provider's OASIS System Planning page the final Local Planning Report within thirty (30) days following the Review of Study Results/Draft Transmission Plans Meeting.

The Review of Study Results/Draft Transmission Plans Meeting shall be held during the third quarter of year one of the local planning process.

3.4 Neighboring Transmission Provider Coordination

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

3.5 Local Transmission Plan Update Meeting

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

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

4. Local Planning Process Planning Criteria

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

- (i) planning standards applicable to the Transmission Provider pursuant to law or regulation;
- (ii) any planning standards developed by the Transmission Provider;

(iii) NERC/WECC planning standards; and

(iv) with respect to planning criteria applicable to any particular TOPP, such additional criteria then accepted by such TOPP and communicated to ColumbiaGrid by written notice; *provided that* any such additional criteria shall apply only to such TOPP.

5. Local Planning Process Methodology and Assumptions

5.1 Methodology for Performing Technical Studies

5.1.1 Load Flow (or Powerflow) Studies

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

5.1.2 Transient Voltage and Stability Studies

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

5.1.3 Short Circuit Studies

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

5.1.4 Voltage Collapse Studies

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

5.2 Incorporation of Customer Data

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

6. Methods for Disclosure of Local Planning Process Components

6.1 Transmission Planning Assumptions

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

6.2 Transmission Planning Criteria

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

6.3 Transmission Planning Data

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

6.4 Access to Support Files

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

7. Local Planning Report

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

7.1 Point of Contact

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

7.2 Identification of Analytical Tools

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

7.3 Dates for Completion

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

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

8.1 Participation in Subregional and Regional Coordination

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

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

8.2 Separation of Functions

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

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

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

8.3 Coordination of Results

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

8.4 Consistency of Assumptions

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

PART IV

THE COLUMBIAGRID TRANSMISSION PLANNING PROCESS

1. Overview

The Transmission Provider participates in subregional 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 ColumbiaGrid 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.

2. Planning Criteria

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

- (i) planning standards applicable to TOPPs pursuant to law or regulation;
- (ii) NERC/WECC planning standards;
- (iii) recognized regional planning or other reliability or transmission adequacy criteria developed by the consensus of the TOPPs for use on the 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 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.

ColumbiaGrid has stated that it will post general planning criteria and generally provide transparency throughout its planning process.

3. System Assessment Report and Need Statements

Each year, ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to, under the PEFA, prepare a Draft System Assessment Report and 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 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:

- (i) ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to perform a system assessment through screening studies of the RIS using the Planning Criteria to determine the ability of each TOPP to serve, consistent with the Planning Criteria, its network load and native load obligations, if any, and other existing long-term firm transmission obligations that are anticipated to occur during the Planning Horizon. ColumbiaGrid is to 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 the PEFA that was used by WECC to develop the planning base case. ColumbiaGrid is to update the then current WECC planning base case to reflect such updated information so that the system assessment reflects on-going transmission 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. 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.
- (ii) ColumbiaGrid, in coordination with Planning Parties and Interested Persons, is to prepare a Draft System Assessment Report. Such Draft Report is to identify Needs that the system assessment has projected to occur during the Planning Horizon.

- (iii) ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to develop conceptual transmission solutions to any Need that is not expected to result in a Single System Project. ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to then identify which of such Needs and related conceptual solutions are likely to result in Near-Term EOPs.
- (iv) ColumbiaGrid, in coordination with the Planning Parties and Interested Persons, is to develop a Draft Need Statement for each such Need and its conceptual transmission solution so identified. 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, Affected Persons and ColumbiaGrid do not reach consensus on the content of any such Draft Need Statement, ColumbiaGrid Staff is to determine the content of such Draft Need Statement; *provided that* in making its determination, ColumbiaGrid Staff is to consider any comments and possible transmission solutions suggested by any Planning Party or Affected 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 Affected Persons.

- (v) ColumbiaGrid is to post drafts of the Draft Need Statements, as they become available, on its Website subject to any appropriate conditions to protect Confidential Information and CEII.
- (vi) ColumbiaGrid, in coordination with the Planning Parties and Affected Persons, is to continue to work on Needs not likely to result in Near-Term EOPs as needed and appropriate over time notwithstanding the fact that Draft Need Statements for such Needs need not be prepared and included in the then current Draft System Assessment Report and Draft Need Statements.

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

4. Study Teams

ColumbiaGrid, under the PEFA, is to facilitate and participate in Study Teams. Planning Parties are to, and Affected Persons and Interested Persons may, actively participate in ColumbiaGrid planning activities through membership in Study Teams.

4.1 Scope of Study Team Activities

The objective of each Study Team for EOPs and Requested Service Projects is to be to collaboratively and timely develop a Project that, with respect to an EOP, addresses a Need Statement and, with respect to a Requested Service Project that affects more than a single Transmission System, serves the request for service in a manner that meets time constraints in developing a Requested Service Project. Study Teams for Capacity Increase Projects are to limit their activities to identifying and addressing Material Adverse Impacts resulting from such Project, if any; *provided* upon the request of such a Project's sponsor, Study Teams for such Projects may assist the Project's sponsor in the development of other elements of such Project.

4.2 Notice to Potentially Interested Persons

ColumbiaGrid in consultation with each Study Team is to, under the PEFA, endeavor to notify the following Persons of the formation and scope of activities of such Study Team with respect to a 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. ColumbiaGrid is to develop a protocol regarding procedures designed to identify and notify States, including agencies responsible for facility siting, utility regulation, and general energy policy, Tribes, 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 the Pacific Northwest Tribes to compile a database of Tribal lands and culturally significant areas for use under such a protocol.

4.3 Participation in Study Teams

Any Planning Party, Affected Person or 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 a Need or a Proposed EOP are to participate in the Study Team relating to such Need or Proposed EOP. With respect to an EOP Study Team, the TOPP(s) primarily affected by the Need or a Proposed EOP is to assume primary responsibility for leading and performing necessary analytical work. With respect to a Requested Service Project Study Team, the TOPP(s) receiving a transmission service or interconnection request is to assume primary responsibility for leading and performing necessary analytical work. With respect to a Capacity Increase Project Study Team for which the Project sponsor has requested that the Study Team assist in the development of some or all of the elements of such Project, the Planning Party proposing the Project is to assume primary responsibility for leading and performing necessary analytical work.

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

5. Development of EOPs After Development of Needs Statements

5.1 Formation of Study Teams

Under the PEFA, ColumbiaGrid Staff is to hold a public meeting, with general notice to Planning Parties and Interested Persons and specific notice to those TOPPs that ColumbiaGrid anticipates may be affected, for the purpose of reviewing the Need Statements and soliciting participation in a Study Team to develop an EOP for each Need Statement. ColumbiaGrid Staff is to also consider convening Study Teams that address more than one Need Statement. ColumbiaGrid Staff is to monitor the progress of each Study Team and will, as appropriate, bring Study Teams together in order to resolve differences, gain planning efficiencies, or develop solutions that meet more than one Need Statement.

5.2 Elements of an EOP

Under the PEFA, the Study Team is to collaboratively develop a Proposed EOP. An EOP in a Biennial Plan (or Plan Update) shall include the following: 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* 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 evaluate whether a Non-Transmission Alternative sponsored and offered by a TOPP either eliminates or defers the Need(s) being studied by the Study Team. If it does, the Non-Transmission Alternative should be noted in the Plan and included in the assumptions used in future system assessment. In the event that a non-TOPP Study Team participant proposes a Non-Transmission Alternative, ColumbiaGrid is to direct such participant to the TOPP(s) on whose system(s) such alternative may exist for discussion, study, and possible TOPP sponsorship; *provided that* the TOPP and ColumbiaGrid are to have no responsibility or obligation to develop or analyze a proposed Non-Transmission Alternative other than to determine, in the event a TOPP subsequently sponsors such an alternative, whether such alternative either eliminates or delays a Need.

5.4 Completion of a Proposed EOP

With respect to a Near-Term EOP, under the PEFA, 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 EOP: Persons who would be identified as a Designated Person in the PEFA and any Person who would bear Material Adverse Impacts from such EOP if not for the mitigation included in the EOP.

In the event that such Affected Persons do not reach agreement on any element(s) of a Near-Term EOP, ColumbiaGrid Staff is to make a recommendation for any unresolved element(s) of a Near-Term EOP and may, as ColumbiaGrid Staff finds appropriate, present fully-developed alternatives for the Board's consideration. ColumbiaGrid 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, ColumbiaGrid Staff is to include its recommendation in the Draft Plan. In such event, ColumbiaGrid shall endeavor to make an equitable allocation of the costs of an EOP taking into account (i) the causation of the Need giving rise to such EOP or (ii) the delay or elimination during the Planning Horizon of any Need as a

result of the EOP. Where there are two affected TOPPs, and one has a Need and the best way to meet that Need is to upgrade facilities on the other TOPP's system, ColumbiaGrid is to allocate costs, in a form of a Facilities Agreement, to the TOPP causing the Need. ColumbiaGrid may also allocate costs to a TOPP in a Facilities Agreement whose Need does not give rise to the Staff-Recommended EOP but that has a Need during the Planning Horizon that is met by such 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 Need with a separate EOP. ColumbiaGrid Staff is not to allocate costs based upon other potential future system benefits. When ColumbiaGrid Staff submits the Draft Plan to the Board for approval, ColumbiaGrid Staff is to identify such elements and is to include a summary analysis of minority positions on any aspect of such Staff-Recommended EOP.

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 Transmission Provider, nothing in such agreement is to preclude Transmission Provider from responding if and as such Transmission Provider determines is appropriate under its Tariff.

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 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.

When a TOPP has received an interconnection request and reasonably believes that such request or a 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 above, 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, consistent with such TOPP's Tariff, be limited to the requesting Person and Affected Persons. 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.

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

6.3 Elements of a Requested Service Project

The Study Team is to collaboratively develop a Proposed Requested Service Project. Each TOPP that receives a transmission service or interconnection request is to retain its obligation under its Tariff to perform studies, with participation of the requestor as appropriate in accordance with the TOPP's procedures. A Requested Service Project in a Biennial Plan (or Plan Update) is to include 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 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 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 information purposes. In the event that such Affected Persons do not reach agreement on a Requested Service Project in whole or in part within a reasonable time, ColumbiaGrid Staff is to make a recommendation for any unresolved element(s) and may, as ColumbiaGrid Staff finds appropriate, present fully-developed alternatives for the Board's consideration.

ColumbiaGrid Staff is to inform the Study Team regarding its recommendation and allow the Study Team the opportunity to comment. In the event there is still not agreement amongst the Affected Persons, ColumbiaGrid Staff is to develop a recommended Plan of Service. If there is an accompanying Need which can be delayed or eliminated by the Requested Service Project within the Planning Horizon, ColumbiaGrid is to endeavor to make an equitable allocation of costs of such Staff-Recommended Requested Service Project based upon the affected TOPP's Tariff requirements and the delay or elimination of the Need. ColumbiaGrid may allocate costs in a Facilities Agreement to a TOPP that has a Need during the Planning Horizon that is met by the 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 Need with a separate EOP. ColumbiaGrid Staff is not to allocate costs based upon other potential future system benefits. A ColumbiaGrid Staff-Recommended Requested Service Project is not to have any unmitigated Material Adverse Impacts resulting from such Project on any transmission systems. ColumbiaGrid Staff may present more than one Recommended Requested Service Project for the Board to select from. When ColumbiaGrid Staff submits the Staff-Recommended Project to the Board for approval, ColumbiaGrid Staff is to identify any unresolved element(s) and is to include a summary analysis of positions advanced by any Affected Persons on such unresolved element(s). If the Staff-Recommended Requested Service Project is approved by the Board and agreed upon by the requestor and all Affected Persons it is to be included in the Draft 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.

If the system assessment performed by ColumbiaGrid Staff under the PEFA identifies a Need on a single Transmission System, ColumbiaGrid Staff is to inform the subject TOPP of such Need and, if such TOPP concludes that such Need may be resolved on its Transmission System, the TOPP is to inform ColumbiaGrid of such resolution. In such instances, ColumbiaGrid Staff is to include such Need in the Draft System Assessment Report for information purposes. If any Affected Person requests a Study Team to evaluate Material Adverse Impacts resulting from a potential Single System Project at a meeting to discuss the Draft System Assessment Report and Need Statements, ColumbiaGrid is to convene such a Study Team.

The TOPP is to submit proposed Single System Projects to ColumbiaGrid. ColumbiaGrid is to inform the Planning Parties regarding any such Single System Project. If any Planning Party is concerned that such Single System Project will result in

unmitigated Material Adverse Impacts, ColumbiaGrid is to convene a Study Team to evaluate whether there are unmitigated Material Adverse Impacts. If there are not unmitigated Material Adverse Impacts, ColumbiaGrid is to include such Single System Projects in the Plan for information purposes and include such Single System Project in future system assessments. If there are unmitigated Material Adverse Impacts, such Project is not a Single System Project and should be further developed through the ColumbiaGrid planning process as an EOP.

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.

8.2 Formation of Study Team

If the Project's sponsor requests a Study Team for project development, ColumbiaGrid is to determine whether there is sufficient interest and, if so, is to convene such Study Team for such purposes. If any Affected Person requests a Study Team to evaluate Material Adverse Impacts resulting from a Capacity Increase Project, ColumbiaGrid is to convene such a Study Team.

8.3 Elements of Capacity Increase Project

A Capacity Increase Project in a Biennial Plan (or Plan Update) is to include the following: plan of service, estimated costs, the expected amount of transmission capacity added for each new or existing path, reasons for the Project, 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. To the extent that any such details are included in a Draft Biennial Plan, Draft Plan Update, or Biennial Plan or a Plan Update, such inclusion is to be for information purposes only, and the Board is to only note Material Adverse Impacts in accordance with the PEFA.

8.4 Request for Cost Allocation for Capacity Increase Project

A Planning Party may request a cost allocation recommendation from ColumbiaGrid on a 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.

9. Expanded Scope Projects

9.1 Assessing Interest in Expanding the Scope of Project

Under the PEFA, prior to including any Project in a Draft Biennial Plan or Draft Plan Update, ColumbiaGrid Staff is to determine, in an open process, whether there is interest in expanding the scope of such Project; *provided* absent agreement of the TOPP(s) whose Transmission System(s) has a projected Need, consideration of the request to expand the scope of an 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 the Need or as otherwise required.

9.2 Formation of Study Team

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

9.3 Completion of a Proposed Expanded Scope Project

ColumbiaGrid Staff is to assist the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team in resolving transmission capacity rights issues if such Persons are unable to reach agreement. An 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 Expanded Scope Projects, (ii) each sponsor of the Project as originally configured would receive equivalent or better service (including meeting the Need) at no greater cost than it would have paid for the original Project, and (iii) such Project would not have unmitigated Material Adverse Impacts.

10. Process for Adoption of Plans

10.1 Draft Plan

10.1.1 Contents of Draft Plan

Under the PEFA, ColumbiaGrid Staff is to prepare a Draft Plan based upon the ColumbiaGrid planning process that contains:

(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 Needs and a verification that each EOP does not result in unmitigated Material Adverse Impacts on any transmission system;

(B) Staff-Recommended Near-Term EOPs, including an analysis of how such Projects meet their respective Needs, a verification that each such EOP does not result in unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other ColumbiaGrid Staff-recommended elements, such as cost or capacity allocation; *provided that* ColumbiaGrid Staff may only submit recommendations for Near-Term EOPs for which the Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team have been unable to reach agreement in whole or in part; *provided further that* ColumbiaGrid Staff is to also provide for informational purposes the alternative opinions developed during the study process;

(2) Recommended EOPs that the Affected Parties agree are ready for implementation, including an analysis of how such Projects meet their underlying 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 planning process for possible inclusion in the Draft Plan; and

(4) A list of Non-Transmission Alternatives that have been sponsored by TOPPs and that resulted in a delay or elimination of a 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, including an analysis of how such Projects meet the underlying transmission service or interconnection requests and a verification that each such Project does not result in any unmitigated Material Adverse Impacts on any transmission system, and an analysis supporting any other ColumbiaGrid Staff-recommended elements; and

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

(c) Capacity Increase Projects, including an identification of unmitigated Material Adverse Impacts on any transmission system, if any;

(d) Single System Projects;

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

(f) System Assessment Report and Need Statements;

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

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

In preparing the Draft Plan, ColumbiaGrid Staff is to solicit and consider the comments of Interested Persons, Affected Persons, and Planning Parties. ColumbiaGrid Staff is to post a preliminary Draft Plan on the Website and obtain stakeholder comment prior to finalizing the Draft Plan and may include a

summary of the comments received; *provided that* ColumbiaGrid Staff is to redact Confidential Information and CEII from the Draft Plan that is made public. ColumbiaGrid Staff is to include such redacted information in the Draft Plan submitted to the Board. ColumbiaGrid Staff is to include the documentation as ColumbiaGrid Staff finds appropriate for purposes of Board review and action; *provided* 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.

10.1.2 Timing

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

10.2 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 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.

10.3 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 Functional Agreement, and considering comments and information provided during the review process.

10.4 Plan Adoption

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

10.4.1 Recommended Projects

(i) EOPs

(a) **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 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 ColumbiaGrid Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further consideration and analysis and development.

(b) **Staff-Recommended EOPs.** The Board is to review and may approve the following with respect to each Staff-Recommended EOP: the ColumbiaGrid Staff determination that it meets its underlying Need Statement(s), its Plan of Service, sponsorship, schedule, cost allocation, transmission rights allocation, and mitigation of Material Adverse Impacts. Those elements that are not approved by the Board are to be remanded to ColumbiaGrid Staff which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the Board; *provided that* the Board may modify a recommended cost allocation or transmission capacity allocation to the extent such modification is supported by the record.

(ii) **Requested Service Projects**

(a) **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 are to be remanded to ColumbiaGrid Staff and Affected Persons identified by ColumbiaGrid that have actively participated in a related Study Team for further analysis.

(b) Staff-Recommended Requested Service Projects.

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

(iii) Capacity Increase Projects

The Board is to review the Study Team's evaluation of Material Adverse Impacts resulting from each such Project on any transmission system. The Board is not to disapprove or modify project elements (developed by the Project sponsor(s) or a Study Team) as such information is only included in the Draft Plan for informational purposes. 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 defer to the resolution of such Material Adverse Impacts in the WECC regional planning or path rating process.

(iv) 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 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 sponsor(s) or a Study Team) as such information is only included in the Draft Plan for informational purposes. If the Board determines that there are unmitigated Material Adverse Impacts resulting from such a Project on any transmission system or that the underlying Need or request is not met with

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

10.4.2 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.

10.4.3 Remands

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

10.4.4 Reconsideration Process

The Board is to develop and make available a reconsideration process that provides Persons who are materially impacted by such decision and did participate in any underlying Study Team to request within ten (10) days that the Board reconsider a specific decision within the Board's approval. If reconsideration of a Board decision is sought by any such Person, ColumbiaGrid is to promptly convene a meeting, chaired by the ColumbiaGrid President, to which it invites the chief executive officer or equivalent executive of all Affected Persons to determine whether they can reach agreement on the disputed decision. If agreement is not reached, the Board is to pursue the reconsideration process. The reconsideration process is to provide for input from all involved Persons (including Planning Parties) and ColumbiaGrid Staff, and the Board is to make its reconsidered decision known within ninety (90) days from the date of the request. If, upon reconsideration, the Board modifies its decision, the modification is to also be subject to a petition for reconsideration.

10.4.5 Post-Board Approval Project Modifications

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

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

(ii) **Staff Recommendation.** ColumbiaGrid Staff, when it finds any of the following,

- (A) the Plan of Service being implemented does not resolve the Need,
- (B) 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
- (C) mitigation of Material Adverse Impacts is lacking,

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

(iii) **Board Consideration.** In these situations, the Board is to consider the ColumbiaGrid Staff recommendation and is to accept the recommendation or ask ColumbiaGrid Staff to reconsider its recommendation in light of additional factors that the Board may want included in the recommendation. No Project modification pursuant to 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 the PEFA).

11. Further ColumbiaGrid Cost Allocation Considerations

Cost allocation recommendations by ColumbiaGrid with respect to certain types of Projects are discussed above. Further, ColumbiaGrid has stated that it intends, subject to the PEFA, to consider the following in making cost allocation recommendations: (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.

12. Sub-Regional Coordination

Participation by a non-PEFA party in the ColumbiaGrid planning process does not thereby make such party a party to PEFA.

PART V

COORDINATION WITH THE REGIONAL PLANNING PROCESS (WECC)

I. Role of WECC Coordination

1.1 WECC is to provide regional planning coordination through the following functions:

(i) WECC develops the Western Interconnection wide data bases for transmission planning analysis such as power flow and stability studies.

(ii) WECC also 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 subregional 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.

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

(i) Development and maintenance of the west-wide economic study database.

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

For more detail on TEPPC, see www.wecc.biz.

PART VI

ECONOMIC PLANNING STUDIES

1. Requests for Economic Planning Studies

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

2. Performance of Economic Studies

The Transmission Provider will submit all received requests for Economic Planning Studies to the regional planning group, TEPPC.

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

- (i) Development and maintenance of the west-wide economic study database.
- (ii) Performance of economic congestion studies. TEPPC has an annual study cycle in which it will update databases, develop and approve a study plan that includes customer high priority Economic Planning Study requests as determined by the open TEPPC stakeholder process and perform the studies and document the results in a report.

If a customer or Interested Stakeholder's request for an Economic Planning Study (submitted either through the Transmission Provider) is not included as a high priority Economic Planning Study request in the TEPPC study plan, the TEPPC protocols provide for an appeal process. The customer or Interested Stakeholder associated with the request would be responsible for participating in the appeal process if the party determines an appeal is appropriate.

The costs of all Economic Planning Studies performed by the TEPPC are to be wholly collected through the WECC membership dues. The Transmission Provider shall post on its OASIS the results of any Economic Planning Study requested of the Transmission Provider by a customer or Interested Stakeholder and performed by WECC. Results for requests made directly to the TEPPC for an Economic Planning Study are to be released through the TEPPC process.

3. Effect of Economic Studies

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

PART VII

DISPUTE RESOLUTION

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

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

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

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

APPENDIX A

DEFINITIONS

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

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

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

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

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

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

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

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

“Bylaws” means the then current bylaws of ColumbiaGrid.

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

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

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

“Confidential Information” shall mean: all information, regardless of the manner in which it is furnished, marked as “Confidential Information” at the time of its furnishing; *provided that* Confidential Information shall not include information: (1) in the public domain or generally available or known to the public; (2) disclosed to a recipient by a Third Person who had a legal right to do so; (3) independently developed by the receiving Party or known to such Party prior to its disclosure under this Agreement; (4) information that is normally disclosed by entities in the Western Interconnection without limitation; (5) disclosed in aggregate form; or (6) required to be disclosed without a protective order or confidentiality agreement by subpoena, law or other directive of a court, administrative agency or arbitration panel.

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

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

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

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

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

- (i) for the purpose of meeting a Need on a TOPP’s system;
- (ii) not a Single System Project; and

(iii) approved by the Board and included as an EOP in a Plan.

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

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

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

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

“Interested Person” means any Person who has expressed an interest in the business of ColumbiaGrid and has requested notice of its public meetings. Such Interested Persons will be identified on the Interested Persons list compiled by ColumbiaGrid in accordance with the ColumbiaGrid Bylaws.

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

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

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

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

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

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

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

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

"NERC" means North America Electric Reliability Corporation or its successor.

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

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

"Non-Transmission Alternative" means a Non-Transmission Alternative that ColumbiaGrid has determined (i) results in the elimination or delay of a Need, (ii) results in a change in the loads or resources to be reflected in the system assessments, and (iii) is sponsored by one or more TOPPs. 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.

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

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

"Person" means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, joint operating entity, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, government entity or political subdivision thereof (including a federal power marketing administration), or organization recognized as a legal entity by law in the United States or Canada.

“Plan” means at any time the then current Biennial Plan, as then revised by any Plan Updates. A “Draft Plan” refers to a Draft Biennial Plan or a Draft Plan Update.

“Plan of Service” means the technical modifications to the Regional Interconnected Systems to be effected by a Project.

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

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

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

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

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

“Planning Party” means each Party other than ColumbiaGrid.

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

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

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

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

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

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

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

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

- (i) is for the purpose of providing service pursuant to a transmission service or interconnection request made to a TOPP; and
- (ii) involves more than one Transmission System.

“Single System Project” means any modification of a single Transmission System that

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

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

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

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

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

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

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