



Second Funding Agreement  
June 15, 2006 Briefing of  
ColumbiaGrid Forum



# Funding Sources

- Second Funding Agreement provides funding for day-to-day corporate expenses until such funding is provided by Functional Agreements
  - \$5,000,000 for two-year period
- Functional Agreements will provide funding to implement functions and will, ultimately, pick up share of day-to-day corporate expenses
- Development process being funded under separate agreement



# Funding Shares

- Based on three-part formula (membership equal share (30%); net transmission plant (40%); control area load (30%))
- Current percentages (“Allocated Share”):

Avista (10.36%)	BPA (47.83%)
Chelan (5.57%)	Grant (6.21%)
Puget (14.76%)	Seattle (8.92%)
Tacoma (6.35%)	
- (Note – Voting shares under Bylaws follows funding shares)



# Use of Funds

- ColumbiaGrid required to use funds to carry out purposes of the Articles of Incorporation and Bylaws
- Members will not micro-manage; with limited exception (Salary Contingency Amount), ColumbiaGrid determines how to use funds to achieve corporate purposes



# Salary Contingency Amount

- Purpose - Provide stable employment opportunity for ColumbiaGrid staff
- When only \$1,000,000 remains of funding, ColumbiaGrid can only use Salary Contingency Amount for salaries, benefits, and employment-related taxes (staff, Officers, and Directors)
- The Salary Contingency Amount is the lesser of
  - \$500,000 or
  - the amount needed for the costs of salaries, benefits, and employment-related taxes for the remainder of the contract term



# Logistics

- Working Capital Account
  - Initially funded at \$1,000,000
  - Monthly funding calls to replenish \$1,000,000 balance
- Additional Funding Calls
  - Extraordinary circumstances
  - Initial Funding Call for New Funder



# New Funders

- If ColumbiaGrid Bylaws amended to add New Member, New Member signs Funding Agreement
- Allocated Shares recalculated based on formula
- New Funder pays in response to initial Funding Call
  - \$10,000
  - The product of its Allocated Share and the funds then held by ColumbiaGrid in the Working Capital Account



# Other Provisions

- **Cap on Funder's Funding Obligation**
  - Allocated Share (as may be adjusted due to New Funders) of \$5,000,000
  - Funders not obligated to make up default of another Funder
- **Allocation of Funding Calls**
  - ColumbiaGrid makes each Funding Call to all Funders
- **Prepayment**
  - Funder can prepay, without right to interest; prepayment will not affect timing of Funding Calls to other Funders



# Withdrawal from Membership

- Funding Obligation irrevocable and not affected by withdrawal of Funder as a Member of ColumbiaGrid