



Executive Summary
Developmental and Staffing Reliability Functional Agreement
March 21, 2007

ColumbiaGrid’s Bylaws anticipate that ColumbiaGrid will provide a wide range of services to enhance system reliability. This initial Developmental and Staffing Reliability Functional Agreement (“Agreement”) will establish a ColumbiaGrid presence in certain reliability forums and develop experience and knowledge in a number of areas. ColumbiaGrid’s services under this Agreement are primarily investigative, and its deliverables include recommendations to the parties to the Agreement (“Parties”) for future ColumbiaGrid services in the following key areas:

Visibility Enhancements—ColumbiaGrid will assist in regional efforts designed to increase the visibility of operating information available to those responsible for system operations. Notably, the Western Electricity Coordinating Council (“WECC”) is currently developing two important visibility tools: the West-wide System Model and the Western Interchange Tool. ColumbiaGrid will support the development of these visibility tools by getting involved in the WECC process to promote the tools’ usefulness and applicability to the Parties, communicate the interests of the Parties, keep the Parties informed of developments, and coordinate the Parties’ involvement in the WECC activities. In addition to ColumbiaGrid’s involvement, Parties may choose to participate directly at WECC.

Participation in Bonneville Power Administration’s Summer 2007 Reliability Redispatch Pilot Project—ColumbiaGrid will monitor and evaluate Bonneville’s reliability redispatch pilot project. This project is designed to test the effectiveness of generation redispatch to address reliability concerns by relieving transmission congestion rather than curtailing schedules. A ColumbiaGrid representative will observe and analyze redispatch operations and provide Parties with an independent comprehensive evaluation of the project, including its perspective of the effectiveness of the project and, based upon what was learned, the potential benefits or shortcomings of expanding reliability redispatch across multiple transmission systems.

Enhancement of Scheduled Outage Coordination Process—ColumbiaGrid will learn about the existing outage coordination processes and tools sponsored by the Northwest Power Pool, and work with Bonneville to monitor and learn about its support of the process. ColumbiaGrid will provide a recommendation regarding how transmission outage coordination might be enhanced, and any future role of ColumbiaGrid in any proposed enhancements.

Study of ACE Diversity Interchange—ColumbiaGrid will assist and evaluate ACE Diversity Interchange Programs under development, such as the Northwest Power Pool effort. As part of its work, ColumbiaGrid may observe testing of such programs, summarize the benefits and problem areas experienced by the participants in those programs, and make recommendations with respect to the implementation of such program(s), including any potential future role of ColumbiaGrid.

Because ColumbiaGrid will observe actual generation and transmission operations in the course of its investigations and will receive operational data, ColumbiaGrid will have access to data that may be considered sensitive by the host utilities. The Agreement contains provisions for the protection of the confidentiality of this sensitive data.

The term of Agreement is one year. The maximum funding to be provided for ColumbiaGrid's services under this Agreement is \$650,000, and each Party will pay its allocated share of the funds used by ColumbiaGrid based upon a three-part formula. The first part is a fixed amount (\$12,500), the second part is based upon the Party's proportionate share of the Parties' total investment in transmission plant, and the third part is based upon the Party's proportionate share of the Parties' aggregate load. Parties that are not control areas may form a consortium for funding purposes.

It is anticipated that ColumbiaGrid will offer additional reliability services in 2007 under another reliability functional agreement.