



ColumbiaGrid Board of Directors
August 15, 2007 Meeting

Pursuant to due notice, a meeting of the Board of Directors of ColumbiaGrid, a Washington nonprofit corporation, was held at the Embassy Suites Hotel, Portland, Oregon on August 15, 2007 at 9:38 a.m.

Attendance and Quorum:

Board of Directors: Lloyd Meyers, Shelly Richardson and Ed Sienkiewicz.

Officers: Paul Arnold, Judy Embler and Jon Kaake.

Participants, ColumbiaGrid Staff, and Interested parties:

Rich Bayless (Northern Tier); Tom Carter (WAPA); Syd Berwager (BPA); Robert Cromwell (Seattle City Light); Gary Dahlke (Avista); Linda Finley (Snohomish PUD); Jim Hamill (NWPP); Amy Johnson (ColumbiaGrid Staff); Eric King (BPA); Hugh Owen (Chelan County PUD); John Phillips (Puget Sound Energy); Tim Smith (BPA); Steve Spina (CG Attorney); Jeff Kallstrom (Snohomish PUD); Kristi Wallis (ColumbiaGrid Coordinator); Sharon Whitlow (ColumbiaGrid Staff); Sue Wiersma (Grant PUD); Al Wright (ColumbiaGrid Consultant); Natasha Young (Affiliated Tribes of Northwest Indians, Consultant).

Notice and Agenda: Attached.

Proceedings:

- *Call to Order:* Lloyd Meyers, Board Chair, called the meeting to Order at 9:38 a.m. and Sharon Whitlow recorded the minutes. A quorum of directors was present, and the meeting, having been duly convened, was ready to proceed with business.
- *Provision of Notice:* No concerns or objections were raised as to sufficiency of notice.
- *Welcome:* All participating introduced themselves. Lloyd reviewed the agenda. No changes or additions were made.
- *Adoption of Minutes:* Minutes from the August 7, 2007 Board Conference Call were approved.
- *Financial Report:* Judy Embler described the 3-page format for finance reports for the 2nd Funding Agreement, PEFA and DSRFA (will be used for OASIS when active also). Attendees received copies of all three financial reports and were invited to contact her with any questions.

Election:

- *Election of Board Chair:* Shelly Richardson made a motion for Ed Sienkiewicz to serve as Chairman. Comments were invited and the Motion was approved. Ed thanked Lloyd Meyers on behalf of all for his tireless work on behalf of ColumbiaGrid and for his guidance during ColumbiaGrid's first operational year. At this point Ed assumed his new role.

Adoption of State and Tribal Protocols (Board Action):

- *Tribal Protocol:* Motion to Adopt the Tribal Protocol was received. Al Wright described an overview of the Protocol and the Motion was Approved (see www.columbiagrid.org for Tribal Protocol).
- *State Protocol:* Motion to Adopt the State Regulatory Protocol was received. Al Wright described an overview of the Protocol and the Motion was approved. The State Protocol had earlier been finalized and approved by the State of Oregon; and Washington State is expected to act upon the Protocol soon. It was noted that although formal PUC action is not required for the ColumbiaGrid Protocol to be effective, the states' involvement will aid coordinated and cooperative relations among interested parties and ColumbiaGrid. Additional Northwest States are expected to address the Protocol in upcoming workshops in the Fall (see www.columbiagrid.org for State Protocol).

Presentation:

- *Puget Sound Energy - Transmission System Overview:* John Phillips gave a presentation to the Board reviewing PSE current and future transmission planning. Study team to address Puget Sound area when handed off by PSE.

Order 890 Activities:

- The PEFA transmission providers confirmed that they intend to base their Attachment Ks, which they will post on or before September 14th, on the “pro forma” Attachment K being developed by the ColumbiaGrid Legal Drafting Team. Kristi Wallis outlined the process to complete ColumbiaGrid’s Attachment K. So far, the Legal Drafting Team has identified gaps between the PEFA, ColumbiaGrid’s policy statement on regional planning adopted last June, and the recent FERC staff white paper on regional planning. Areas that merit further consideration include access to data, cost allocation, and sub-regional coordination. Steve Spina, ColumbiaGrid’s attorney, has prepared an initial draft of the Attachment K based upon the Legal Drafting Team’s discussion. The Legal Drafting Team will meet jointly with the Planning Group over the next few weeks to work on the draft Attachment K. There will be a public meeting for Interested Persons, the Board, and Planning Party representatives (policy, planning, and legal) on September 4th to comment on and finalize ColumbiaGrid’s Attachment K.
- Rich Bayless reviewed Northern Tier’s conversation with FERC regarding the Attachment K. Sub-regional coordination efforts continue.

Planning Activities:

- Paul Arnold reviewed upcoming scheduled planning meetings and workshops. A scoping group was formed to define the problem and determine if a new Puget Sound Area study team would be needed. Observations and questions posed at the August 7 Conference Call were reviewed.

DSRFA Activites:

- Paul reviewed Outage Coordination observations and next steps. Westwide System Model, ACE Diversity Interchange, and Redispatch updates were given.

Report on August 14, 2007 Meeting of Functional Agreement Parties on Financial Matters:

- Kristi Wallis reported on the August 14th meeting of the Functional Agreement Parties and noted that it had been very successful. The goals of the meeting were to (i) provide sufficient information to the functional agreement parties regarding ColumbiaGrid's projected financial needs for 2008 so that the parties could complete their individual budgeting activities and (ii) to identify, discuss, and resolve any invoicing issues. ColumbiaGrid shared their projected funding needs under the Second Funding Agreement, the PEFA, the DSRFA, and the draft OASIS Functional Agreement. (It should be noted that the projected numbers provided by ColumbiaGrid were not the final budget numbers, which ColumbiaGrid will provide later this year, consistent with the timing requirements of the Agreements). In addition, the parties discussed assumptions regarding a proposed separate funding agreement for corporate expenses (which would become effective sometime mid-2008) and the next reliability functional agreement that will likely be signed mid-2008.
- It was agreed that invoicing will include capital expenditures as they are made, not as the assets are depreciated. Details required on invoiced items were agreed upon.
- The parties agreed to consider among themselves the desirability of their conducting annual audits of the activity under the Functional Agreements.
- Finally, it was agreed by the Funding Agreement Parties present at the meeting that the next funding agreement for corporate expenses might create a permanent working capital account to be used to advance expenses for specific ColumbiaGrid functions. Although dollars have not been agreed upon, the parties anticipate that \$1,000,000 will be needed.

Development Process General Status Report:

- *OASIS Functional Agreement (Integration Small Group):* Kristi Wallis reported that the potential parties have not yet reached final agreement on the budget and allocation formula (including the fixed annual component) for the proposed OASIS Functional Agreement. The Integration Small Group will meet with the Legal Drafting Team in the next few weeks to finalize the public review draft of the OASIS Functional Agreement, and the Members will meet on September 13th with the goal of resolving funding and allocation issues prior to the next Board meeting. If all goes as hoped, the draft OASIS Functional Agreement should be ready for release for public review at the September Board Meeting.
- *Legal Drafting Team Activities:* Kristi Wallis noted that in addition to its work on the Order No. 890 Attachment K and draft OASIS Functional Agreement, the Legal Drafting Team is preparing technical amendments to the Bylaws. While Bylaw amendments are within the purview of the Members, the Members invited ColumbiaGrid to propose changes it finds appropriate at this time. In order to give ColumbiaGrid sufficient time to have corporate counsel review the Bylaws for this purpose and for the Members to have time to consider ColumbiaGrid's requests, it is anticipated that the Members will amend the Bylaws at a Special Members Meeting held in conjunction with the October Board Meeting.

Outreach:

- *Meetings Update:* Ongoing meetings have been held by CG Board members with Members discussing CG Strategy. The Board made presentations to ATNI and Douglas County PUD. Scheduling of future meetings are progress.

Staff Reports:

- *Staffing:* Dean Perry was hired as a consultant. Judy Welch is working part-time as Administrative Assistant.
- *CG Offices:* The permanent office & conference room furniture and cubicles will be installed next week.
- *Access to new Offices:* Directions to the new offices has been posted on the website.
- *Website:* August 27 there will be a presentation to CG Staff of the newly developed permanent website for CG. Sonya Bruce is working on translating staff input into webpage content. Go-live is expected in October 2007.

Next Meetings:

- The Board will not have a conference call on September 4, but will participate instead in the Order No. 890 Attachment K public meeting that day.
- Agenda items were discussed for the next Board Meeting to be held on September 19, 9:30 am – 4:00 pm at the ColumbiaGrid office, 8338 NE Alderwood Road, Suite 140, Portland, Oregon 97220. Website will be posted with meeting and hotel details. Proposed items include: Oasis Functional Agreement, 890 Activity, 2008-09 Proposed PEFA Budget and a Third Funding Agreement.

There being no further business to come before the meeting, it was adjourned at 1:50 pm.

Respectfully submitted,
Sharon Whitlow
September 10, 2007

APPROVED BY:
Ed Sienkiewicz, Chairman
September 19, 2007