

COLUMBIAGRID

OASIS

FUNCTIONAL AGREEMENT

September 19, 2007 Draft

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COLUMBIAGRID

OASIS FUNCTIONAL AGREEMENT

THIS OASIS FUNCTIONAL AGREEMENT (“Agreement”) is entered into as of November 21, 2007 by and among Avista Corporation; the Bonneville Power Administration (“Bonneville”); Public Utility District No. 1 of Chelan County, Washington; Public Utility District No. 2 of Grant County, Washington; Puget Sound Energy, Inc.; the City of Seattle, a municipal corporation of the State of Washington, acting by and through its City Light Department; Public Utility District No. 1 of Snohomish County, Washington; the City of Tacoma, Department of Public Utilities, Light Division (dba Tacoma Power); _____, _____, and ColumbiaGrid, a Washington state nonprofit corporation.

RECITALS

A. ColumbiaGrid is intended to promote, in the public interest, coordinated and reliable planning, expansion, and operation of the interconnected transmission systems in the Pacific Northwest, taking into consideration environmental concerns, regional interests, and cost-effectiveness.

B. The Parties intend through this Agreement to support and facilitate access to and provision of transmission service, consistent with OASIS and OATT regulatory requirements, through the use of a single OASIS interface and, (ii) as part of the other services under this Agreement, develop and adopt uniform business practices, tariff provisions, and products necessary to implement those services.

C. The Parties also intend through this Agreement to support and facilitate efforts to develop common queues for transmission service and interconnection requests.

D. The Parties further intend through this Agreement to determine a common methodology to determine combined total transfer capability and combined available transfer capability on participating Transmission Systems.

E. The Parties intend that ColumbiaGrid will explore other OASIS improvements, and may recommend functions to be performed by ColumbiaGrid under any additional or subsequent OASIS agreements or amendments to this Agreement. Such improvements may include ColumbiaGrid (i) offering tariff or OASIS administration services, (ii) offering multi-system transmission products on behalf of participating transmission providers, or (iii) acting as a transmission provider.

F. The Parties recognize that ColumbiaGrid’s ability to perform the services under this Agreement at the established Maximum Total Payment Obligation is dependent upon the OASIS Parties’ active support of ColumbiaGrid’s development activities, including involvement of each OASIS Party’s staff.

AGREEMENT

1. ColumbiaGrid Services

ColumbiaGrid shall provide to the OASIS Parties the services specified in this section 1.

1.1 Single OASIS Interface

ColumbiaGrid shall develop and implement a single OASIS interface for use as an access point by transmission and interconnection customers (“ColumbiaGrid OASIS”).

ColumbiaGrid shall evaluate OASIS platform vendors that ColumbiaGrid determines are appropriate for evaluation with a view towards establishing an OASIS platform that accommodates a single OASIS interface consistent with the requirements of this Agreement.

Except as otherwise agreed by any OASIS Transmission Provider and ColumbiaGrid, each OASIS Transmission Provider shall retain its responsibility for maintaining and administering its individual OASIS, consistent with the applicable regulatory requirements, but shall endeavor to coordinate the technical operation of its individual OASIS with the technical operation of the ColumbiaGrid OASIS.

1.2 Regional OASIS Provider Forum

ColumbiaGrid shall explore coordination of and, if practicable, coordinate the ColumbiaGrid OASIS with any regional OASIS provider forum that includes OASIS Transmission Providers such as westTTrans, but shall give priority in this regard to development of the ColumbiaGrid OASIS for the purposes described in this Agreement.

1.3 ColumbiaGrid OASIS

The ColumbiaGrid OASIS shall be capable of expansion to accommodate all of the functions that the OASIS Transmission Providers are required to provide on their respective OASIS sites in order to comply with applicable Commission requirements.

Initially, the ColumbiaGrid OASIS shall be capable of:

(i) augmenting the OASIS Transmission Providers’ individual OASIS sites by providing a common access interface for transmission customers, displaying information common to the OASIS Transmission Providers, and providing links to such OASIS Transmission Providers’ OASIS sites and indicating that transmission services from those providers should be requested using their OASIS sites; and

(ii) posting of such other Transmission System information reasonably requested by a Party provided ColumbiaGrid agrees to such posting.

Nothing in this Agreement shall prohibit an OASIS Transmission Provider from operating its OASIS in a manner that is required to comply with the Commission's requirements, which may change from time to time, applicable to such OASIS Transmission Provider's OATT or OASIS.

1.4 Administration of OASIS Transmission Providers OATTs or OASISs

Subject to section 3.3 of the Bylaws, ColumbiaGrid may explore providing OATT or OASIS administration services to any OASIS Transmission Provider, other than or in addition to those services contemplated under this Agreement, and recommend such services pursuant to mutually agreeable separate functional agreements with such OASIS Transmission Providers.

1.5 Common Available Transfer Capability Methodology and Calculation

ColumbiaGrid shall work with the OASIS Parties to develop (and revise as appropriate from time to time) a common ATC methodology acceptable to the OASIS Transmission Providers and consistent with the Commission's requirements, which may change from time to time. Following such development, ColumbiaGrid shall propose a method for staging the transition of the OASIS Transmission Providers from each individual OASIS Transmission Providers calculating its Transmission System's ATC to ColumbiaGrid, on behalf of the OASIS Transmission Providers, calculating ATC for multiple Transmission Systems. ColumbiaGrid may implement the Common ATC Methodology for OASIS Transmission Providers under a separate functional agreement(s) or amendment(s) to this Agreement.

ColumbiaGrid shall participate in coordination with the OASIS Parties in national, Western Interconnection-wide, and region-wide efforts to develop a common ATC methodology for the Regional Interconnected Systems including, in particular, the NERC and NAESB development of ATC standards and business practices. In doing so, ColumbiaGrid shall endeavor to (a) communicate ColumbiaGrid's understanding of the interests of the OASIS Parties in such activities and (b) keep the OASIS Parties informed regarding such activities. Each OASIS Party may continue to be directly involved in such activities.

In performing its activities under this Agreement, ColumbiaGrid shall monitor the evolving regulatory requirements regarding common ATC methodologies and may recommend changes to its scope of performance under this section.

1.6 Common Queues for Interconnection Requests and Transmission Service Requests

ColumbiaGrid shall work with the OASIS Parties in a process to develop methodologies for a Common Interconnection Service Request Queue and a Common Transmission Service Request Queue to recommend to the OASIS Transmission Providers. The Parties shall endeavor to implement such Common Interconnection Service Request Queue and Common Transmission Service Request Queue methodologies within two years from the Effective Date. The Parties may implement the Common Interconnection Service Request Queue and Common Transmission Service Request Queue methodologies under a separate functional agreement(s) or amendment(s) to this Agreement. The Parties recognize that implementation of such common

queue methodologies will probably require modification of the OATTs of the OASIS Transmission Providers.

2. OASIS Processes Requirements

2.1 Duty to Cooperate

Each OASIS Party shall endeavor to cooperate with and support ColumbiaGrid in the implementation of its responsibilities under this Agreement. Specifically, each OASIS Party shall endeavor to actively participate in and support the OASIS Processes.

2.2 Coordinated, Open, and Transparent Nature of OASIS Processes

ColumbiaGrid shall, to the extent practicable, undertake the OASIS Processes in a coordinated, open, transparent, and participatory manner, subject to ColumbiaGrid's obligation to protect Confidential Information, CEII, or Other Information. No OASIS Process is intended to create any Third Person rights or remedies as to the adequacy of ColumbiaGrid's processes or public review.

2.3 OASIS Processes Requirements

For each OASIS Process, ColumbiaGrid shall

- (i) develop, implement, and update, as appropriate, a detailed work plan, including deliverables, milestones and timelines;
- (ii) consult with Interested Persons, the OASIS Transmission Providers and other OASIS Parties;
- (iii) provide technical staff to support each OASIS Process, which staff shall provide recommendations and technical proposals and together with the OASIS Parties perform the technical analysis needed to advance the OASIS Process and complete the OASIS Process within a targeted period of time; and
- (iv) endeavor to aggressively facilitate, and use issue resolution techniques in, each OASIS Process.

2.4 Notice to Potentially Interested Persons

ColumbiaGrid shall endeavor to keep OASIS Parties, States, Tribes, and Interested Persons informed of its activities and opportunities to participate in the OASIS Processes.

2.5 Development of Protocol for Communications With and Receiving Input from States and Tribes

ColumbiaGrid shall develop a protocol to foster the collaborative involvement of States (including agencies responsible for facility siting, utility regulation, and general energy policy) and Tribes in the OASIS Processes. Such protocol shall guide ColumbiaGrid's communications

with such entities, and shall include provisions to keep such entities informed regarding ColumbiaGrid's activities.

3. Uniform Business Practices and Products

ColumbiaGrid and the OASIS Parties shall endeavor to develop and adopt uniform business practices to the extent needed to effectuate the services contemplated pursuant to this Agreement.

4. Identify Other Modifications or Services

ColumbiaGrid may (i) identify potential modifications to the ColumbiaGrid OASIS and ColumbiaGrid's services in addition to those contemplated in section 1, including services relating to the provision of regional transmission service (whether such provision would be as the agent for the OASIS Transmission Provider or as a Transmission Service Provider as defined by NERC), and (ii) recommend such modifications or services to the OASIS Parties. No such identification or recommendation shall amend or modify this Agreement.

5. No Obligation to Maintain an OATT or OASIS Site

Nothing in this Agreement shall require any OASIS Party to maintain an OATT or an OASIS site.

6. No Agency

Nothing in this Agreement or any membership in ColumbiaGrid or participation in this Agreement, and no participation of or membership by ColumbiaGrid in westTTrans (or any other group, organization, or forum, including regional OASIS provider forums) shall authorize ColumbiaGrid to act as agent for, act on behalf of, or make commitments for, any of the OASIS Parties, including matters relating to westTTrans or such other other group, organization, or forum.

7. Integration

This Agreement, including the appendices hereto, constitutes the complete agreement of the Parties and supersedes all prior or contemporaneous representations, statements, negotiations, understandings, and inducements with respect to the subject matter of this Agreement. The appendices hereto, as they may be revised from time to time by amendment pursuant to section B8.2 of this Agreement, are incorporated by reference as if fully set forth in this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in their respective names.

ColumbiaGrid

By: _____
Title: _____
Date: _____

Avista Corporation

By: _____
Title: _____
Date: _____

Bonneville Power Administration

By: _____
Title: _____
Date: _____

**Public Utility District No. 1 of
Chelan County, Washington**

By: _____
Title: _____
Date: _____

**Public Utility District No. 2 of
Grant County, Washington**

By: _____
Title: _____
Date: _____

Puget Sound Energy, Inc.

By: _____
Title: _____
Date: _____

**The City of Seattle, a municipal corporation
of the State of Washington, acting by and
through its City Light Department**

By: _____
Title: _____
Date: _____

**The City of Tacoma, Department
of Public Utilities, Light Division
(dba Tacoma Power)**

By: _____
Title: _____
Date: _____

APPENDIX A – FINANCIAL PROVISIONS

A1. Payment

A1.1 Maximum Total Payment Obligation

A1.1.1 Initial Maximum Total Payment Obligation. The initial Maximum Total Payment Obligation for a Payment Cycle shall be an amount equal to \$2,400,000. The initial Maximum Total Payment Obligation may be adjusted pursuant to section A1.1.2 and modified pursuant to section A1.1.3.

A1.1.2 Adjustment of Maximum Total Payment Obligation for Changes in CPI Index/GNP Deflator. As of the beginning of each Payment Cycle that is after the initial Payment Cycle, but for which there is no modification of the Maximum Total Payment Obligation pursuant to section A1.1.3, ColumbiaGrid shall adjust the Maximum Total Payment Obligation to reflect changes in the CPI Index/GNP Deflator.

A1.1.3 Modification of Maximum Total Payment Obligation. ColumbiaGrid or any Payor may request from time to time a modification in the Maximum Total Payment Obligation for a Payment Cycle, by written request to each of the other Parties not later than 90 days prior to the beginning of such Payment Cycle. The Voting Payors shall vote on such modification no later than 60 days after such request. Such modification shall be approved upon the two-thirds weighted affirmative vote of the Voting Payors (weighted in proportion to their respective percentage Allocated Shares as of the time of the vote). If such modification is so approved for such Payment Cycle, the Maximum Total Payment Obligation shall be as so modified for such Payment Cycle and each subsequent Payment Cycle (unless and until subsequently adjusted by the CPI/GNP Deflator pursuant to section A1.1.2 or subsequently modified pursuant to this section A1.1.3).

A1.1.4 Notice of Adjustment or Modification of Maximum Total Payment Obligation. ColumbiaGrid shall promptly reflect any adjustment of the Maximum Total Payment Obligation pursuant to section A1.1.2 and any approved modification of the Maximum Payment Obligation pursuant to section A1.1.3, and the effective date of such modification or adjustment, in a table. ColumbiaGrid shall distribute such table to each of the Payors and post such table on its Website.

A1.2 Allocation of Corporate Overhead

ColumbiaGrid shall determine when and to what extent to allocate corporate expenses to its activities under its functional agreement(s) as provided in provision 7.2 of the Bylaws and shall make such allocation based upon a reasonable assignment (in light of generally accepted cost allocation principles) of costs to each function based upon the costs attributable to each such function. The initial Maximum Total Payment Obligation was set at a level that did not contemplate an inclusion of all such corporate expenses. It is contemplated that requests for modification of the Maximum Total Payment Obligation for Payment Cycles after the initial Payment Cycle may reflect an allocation of additional corporate expenses.

A1.3 Payor's Payment Obligation

Subject to section A1.8.4 and the other provisions of this Agreement, each of the Payors agrees to provide to ColumbiaGrid, in response to an Invoice and pursuant to the provisions of this Agreement, amounts equal to such Payor's Allocated Share of each Payment Amount, all of which amounts shall be used by ColumbiaGrid as set forth in section A1.9.1. All dollar amounts set forth in this Agreement are U.S. dollars.

A1.4 Allocation of the Payment Amount

ColumbiaGrid shall determine and post on the Website each Payor's Allocated Share of each Payment Amount under each of the Invoices and the effective date of such Allocated Shares pursuant to the following formula:

For each Payor (which includes the New Payor), the—

Payor's Allocated Share = a decimal fraction (expressed as a percentage), in which the denominator equals the MTPO and the numerator equals the following:

$$\begin{aligned} & \$40,000 \text{ per Payment Cycle} + \\ & \{ (\text{MTPO} - \text{TEP}) * \\ & ((X * [\text{dollar value of net transmission plant of such Payor} \div \\ & \quad \text{total dollar value of net transmission plant of all Payors}] + \\ & (Y * [\text{Annual Area Load of such Payor} \div \\ & \quad \text{total Annual Area Load of all Payors}]))) \} \end{aligned}$$

Where,

MTPO = Maximum Total Payment Obligation (pursuant to section C1.18)

TP = Total Payors

TEP = Total Equal Payments = TP * 40,000

X = the weighting share for transmission plant applied to the (MTPO – TEP)

Y = the weighting share for annual load applied to (MTPO – TEP)

Where X + Y = 1 and X = 4/7 and Y = 3/7

“Net transmission plant” of a Payor means such Payor's net transmission plant as reflected in such Payor's then most recent FERC Form 1 or equivalent report

“Annual Area Load” of a Payor means such Payor's then most recent twelve month load in Giga-watt hours, as reported to the Northwest

Power Pool; alternatively, for a Payor that holds long term firm transmission rights on the RIS, but serves no load on the system, this “Annual Area Load” shall be determined by the:

$(\text{contract amount of rights (MW)}) * (8760 \text{ hours})/1000$

or in cases where the party’s long-term firm transmission rights are less than for a full year of hours the multiplier shall correspond to the number of hours in the year for which the party does have firm rights

The Annual Area Load of each Party that is a control area operator is reduced if and to the extent any Qualified Person to which such control area operator provides control area services becomes a Party and such Party assumes the payment responsibility calculated using its own load

A1.5 Allocation of Subsequent Payment Amounts and Allocated Shares for Subsequent Invoices in the Event of a New Payor

When any Payor enters into this Agreement after the Effective Date and is thereby a New Payor (or is in a consortium of OASIS Parties that together are a New Payor), ColumbiaGrid shall adjust each Payor’s Allocated Share of each Payment Amount for subsequent Invoices based upon the formula set forth in section A1.4 as of the date of the addition of such New Payor. ColumbiaGrid shall also recalculate the Maximum Payor Obligation of each Payor, which recalculated Maximum Payor Obligation of such Payor shall equal the (i) sum of the amount of each previous Invoice made to such Payor based on such Payor’s Allocated Share that was in effect for each such previous Invoice plus (ii) such Payor’s adjusted Allocated Share of the Remaining Maximum Total Payment Obligation as of the addition of such New Payor.

A1.6 Allocation of Subsequent Payment Amounts and Allocated Shares for Subsequent Invoices in the Event of Withdrawal of a Payor Because of an Adjustment to the Maximum Total Payment Obligation

When any Payor withdraws from this Agreement pursuant to section B8, and a cap results as provided for in section B7.3, ColumbiaGrid shall adjust the Allocated Shares of the Payors which have not exercised, and have not been deemed to exercise, a withdrawal under section B7.3 resulting in a cap in their Maximum Payor Obligations. Such adjustment shall be by an amount necessary to restore the difference between the withdrawing Payor’s capped Maximum Payor Obligation, and the Maximum Payor Obligation it would have been assigned had it not opposed the increase and withdrawn. Payors’ Maximum Payor Obligations during the pending Payment Cycle shall be adjusted upward only due to the withdrawal of a Payor as a consequence of such Payor’s opposition to a modification of the Maximum Total Payment Obligation.

A1.7 Notice of Adjustment of Maximum Payor Obligations

ColumbiaGrid shall promptly reflect the adjustment of the Maximum Payor Obligations pursuant to section A1.5 or A1.6, and the effective date of any such adjustment, on a table, and shall distribute such table to the Payors and post such table on its Website.

A1.8 Invoices

A1.8.1 Invoices. Each month during the term of this Agreement ColumbiaGrid shall submit an Invoice for services rendered and corporate overhead pursuant to section A1.2 pursuant to this section A1.8 to all Payors for reimbursement of the amount it has expended to implement this Agreement until Invoices (whether issued pursuant to this section A1.8.1 or section A1.8.2) for Payment Amounts in the aggregate totaling the Maximum Total Payment Obligation have been made. ColumbiaGrid shall submit each such Invoice by the tenth day of the month in which it is issued, or the preceding Friday if the tenth falls on a weekend, and shall show in any such Invoice each Payor's Allocated Share of such Invoice.

A1.8.2 Invoices Due to Extraordinary Circumstances. During the term of this Agreement, ColumbiaGrid may submit Invoices in addition to Invoices pursuant to sections A1.8.1 and A1.8.3, in the extraordinary event that additional Payment Amounts are needed. Any Invoice submitted pursuant to this section A1.8.2 shall include an explanation of the reason why the Invoice is needed, including a description of the extraordinary circumstance.

A1.8.3 Initial Invoice for New Payors. As of the date a New Payor becomes a Party by executing and delivering this Agreement to ColumbiaGrid and each OASIS Party, ColumbiaGrid shall submit an Invoice to the New Payor for \$10,000 as a payment of the allocable value of work performed to date that is of benefit to the New Payor.

A1.8.4 Cap on Payor's Obligation. Notwithstanding any other provision of this Agreement, ColumbiaGrid shall not at any time submit any Invoice to any Payor for any Payment Amount that, together with Payment Amounts requested by prior Invoices to such Payor, in the aggregate exceeds such Payor's Maximum Payor Obligation then in effect, as calculated and distributed by ColumbiaGrid (plus, in the case of a New Payor, \$10,000). Notwithstanding any other provision of this Agreement, no Payor shall be obligated at any time under this Agreement to provide any Payment Amount under sections A1.8.1 and A1.8.2 that, together with Payment Amounts requested by prior Invoices to such Payor, in the aggregate exceeds such Payor's Maximum Payor Obligation then in effect, as calculated and distributed by ColumbiaGrid (plus any interest that such Payor incurs pursuant to section A1.8.6.3 as a result of late payments by such Payor and plus, in the case of a New Payor, \$10,000 paid pursuant to section A1.8.3).

A1.8.5 Allocation of Invoice. Each Invoice to a Payor shall be for such Payor's Allocated Share of the total amount of such Invoice; *provided that* the Initial Invoice to a New Payor pursuant to section A1.8.3 shall be made solely to such New Payor without a pro rata call to the other Payors.

A1.8.6 Invoice and Payment Details

A1.8.6.1 Invoice Details. ColumbiaGrid shall issue each Invoice to all Payors that are Payors as of the date of such call; *provided that* ColumbiaGrid shall issue an Initial Invoice only to a New Payor pursuant to section A1.8.3 without a pro rata call to the other Payors. ColumbiaGrid shall submit any Invoice in writing and delivered by U.S. mail and by e-mail to the person designated for each Payor pursuant to section B8.1. ColumbiaGrid shall

provide each Payor with instructions for electronic funds transfer or wire transfer of funds in response to an Invoice.

A1.8.6.2 Payment Details. Each Payor shall make its payment of its Allocated Share of an Invoice within 20 business days of receiving an Invoice by electronic funds transfer or wire transfer of immediately-available funds.

A1.8.6.3 Interest on Late Payment. Any Payment Amount not paid when due by a Payor shall bear interest, compounded daily, from the date such amount was due until the date of payment at an annual interest rate equal to the lesser of (i) a rate equal to 200 basis points above the per annum prime rate reported daily in *The Wall Street Journal* and (ii) the maximum rate permitted by applicable law.

A1.8.7 Quarterly Reports. By the 15th day of each quarter, ColumbiaGrid shall provide each Payor with a quarterly report that contains (i) a detailed projection of the funds from this Agreement that it projects it will use in the current quarter and the remainder of the Payment Cycle and (ii) an accounting of ColumbiaGrid's expenditures of funds received under this Agreement (a) in the previous quarter and (b) since the commencement of the Payment Cycle.

A1.8.8 Voluntary Advanced Payment Amount. Any Payor may pay to ColumbiaGrid all or a portion of its Allocated Share of any Payment Amount prior to ColumbiaGrid submitting an Invoice for such Payment Amount. At the time of any such advance payment, such Payor shall notify ColumbiaGrid that it is paying funds in advance of the Invoice. ColumbiaGrid shall apply such advance payment as a credit against such Payor's obligation to pay its Allocated Share in response to each subsequent Invoice until such advance payment is exhausted. ColumbiaGrid shall report the remaining balance of any such advance payment in its quarterly report. ColumbiaGrid shall not use any such advance payment as an offset to any other Payor's Allocated Share of any Invoice. ColumbiaGrid may, but shall have no obligation to, pay interest with respect to any such advance payment.

A1.8.9 Over-Payment. If, in error or as a result of an update of a Payor's Maximum Payor Obligation pursuant to section A1.5, a Payor provides funds in excess of those it is obligated to provide under this Agreement, ColumbiaGrid shall refund to such Payor its excess contribution within five business days of ColumbiaGrid's learning that the funds provided were excess. ColumbiaGrid shall provide each Payor with written notice that it has issued a refund to a Payor pursuant to this section A1.8.9.

A1.9 Use of Funds

A1.9.1 General. ColumbiaGrid agrees that funds provided under this Agreement shall be used only for purposes consistent with this Agreement and ColumbiaGrid's Articles of Incorporation and Bylaws. The payments received under this Agreement are intended to be the primary source of payment for ColumbiaGrid's performance under this Agreement. Expenditure of funds available to ColumbiaGrid under this Agreement shall be subject to approval by the Board of Directors of ColumbiaGrid in furtherance of the purposes of ColumbiaGrid consistent with its Articles of Incorporation and Bylaws and consistent with the provisions of this

Agreement. Any funds made available under this Agreement shall not be used to reimburse internal costs of the OASIS Parties or Interested Persons or costs of Third Persons hired individually by one or more of the OASIS Parties or Interested Persons.

A1.10 Other Terms

A1.10.1 Waiver of Defense to Payment. Each Payor waives as a defense to any untimely payment of its Allocated Share of each Invoice any defense that one or more of the other Payors has failed to timely pay its Allocated Share of such Invoice or any other Invoice.

A2. Budgets

A2.1 Rolling Annual Budget

Annually before the commencement of each fiscal year, ColumbiaGrid shall prepare and adopt a budget for the upcoming two fiscal years for its performance of its obligation under this Agreement. At least 90 days before the adoption of each such rolling annual budget, ColumbiaGrid shall provide the proposed rolling annual budget to the OASIS Parties for comment. ColumbiaGrid shall consider any comments on the proposed budget that are provided by any OASIS Party.

A2.1 ColumbiaGrid General Record-Keeping

ColumbiaGrid shall keep such financial, operational, and other records for its performance and obligations under this Agreement as may be necessary for the efficient operation of ColumbiaGrid and, except as necessary to protect Confidential Information, CEII, and Other Information, shall make such records available upon request for inspection by the OASIS Parties. ColumbiaGrid shall comply with the then current record-retention policy of the Commission.

A2.4 Annual Financial Reporting

As soon as reasonably practicable after the close of each fiscal year, ColumbiaGrid shall prepare (in accordance with generally accepted accounting principles and regulations of the Commission) and make available to the OASIS Parties annual financial statements relating to its activities under this Agreement.

A2.5 Audit of ColumbiaGrid Records

Each OASIS Party shall have the right to conduct an audit of ColumbiaGrid's performance of its obligations to the OASIS Parties under this Agreement; *provided that* the OASIS Party requesting the audit shall pay for such audit and provide the result to the other OASIS Parties. ColumbiaGrid shall make its records, facilities, and personnel available to the OASIS Parties during the conduct of any such audit. Any OASIS Party requesting an audit shall pay ColumbiaGrid's reasonable costs of complying with such audit request.

APPENDIX B – STANDARD PROVISIONS

B1. Limitation of Liability Among OASIS Parties

Each OASIS Party at any time that is both eligible to be a party to the WIS Agreement and operates electrical facilities for generation, transmission, or distribution shall become and remain at all such times a party to the WIS Agreement as a condition of participation in this Agreement.

B2. Insurance, Indemnification, and Limitations of Liability

To promote cooperation among the Parties, to avoid duplication of costs, and to carry out the purposes of this Agreement, the Parties agree to the following provisions for insurance, indemnification, and limited liability.

B2.1 Insurance; Waiver of Subrogation Rights

B2.1.1 ColumbiaGrid Insurance Coverage Requirements. Throughout the term of this Agreement, ColumbiaGrid shall maintain insurance coverage that at a minimum:

- (i) provides general liability and errors and omissions insurance with respect to ColumbiaGrid's performance under this Agreement;
- (ii) provides for maximum per-occurrence self-insured retention in an amount approved in writing by each Party that is a Party as of the Effective Date;
- (iii) provides general liability coverage limits (with each OASIS Party that so opts in writing named as an additional insured) in an amount approved in writing by each Party that is a Party as of the Effective Date and separate errors and omission coverage limits in an amount approved in writing by each Party that is a Party as of the Effective Date;
- (iv) provides an agreement or endorsement under which the insurance cannot be terminated, canceled, allowed to expire, or materially altered without 90 days' prior written notice to ColumbiaGrid and provides that such policy is primary over any other insurance; and
- (v) provides that ColumbiaGrid's insurer shall be bound by any waivers of the insurer's rights of subrogation granted by ColumbiaGrid.

B2.1.2 Waiver of Subrogation Rights. ColumbiaGrid hereby waives all rights of subrogation its insurer(s) may have against the OASIS Parties and any former OASIS Parties.

B2.2 ColumbiaGrid's Obligation to Notify OASIS Parties with Respect to Insurance

ColumbiaGrid shall not consent or allow that the insurance required under section B2.1.1 above be terminated, canceled, allowed to expire, or materially altered without providing at least 60 days' advance notice to the OASIS Parties. ColumbiaGrid shall notify the OASIS Parties with the name, address, telephone number, facsimile number, and e-mail of all insurance brokers used by ColumbiaGrid.

B2.3 First Party Claims

ColumbiaGrid shall not be liable to any other Party for any loss or damage to the equipment or Electric System of such other Party, or any loss or damages for bodily injury (including death) that such other Party or its employees may incur arising out of this Agreement or its performance.

B2.4 Third Person Claims

B2.4.1 In the event Third Person claims are made against any Party arising out of this Agreement or its performance, the Parties agree that:

B2.4.2 In the event of any such claim, the Party against which the Third Person claim is made shall provide immediate notice to the other Parties pursuant to section B8.1 below. All Parties shall make such immediate efforts as necessary to preserve evidence or protect against default judgment, and shall provide notice to the Claims Committee by giving notice to each Party and to the broker identified pursuant to section B2.2 above with respect to the insurance policy described in section B2.1.1 above.

B2.4.3 ColumbiaGrid shall provide notice to each OASIS Party and as necessary to its insurance carrier, and refer such matter to the Claims Committee. The Parties anticipate that the Claims Committee shall have responsibility to (i) review any such claims, (ii) take action as necessary to properly investigate, evaluate, and defend such claims, and (iii) make recommendations regarding payment, rejection, or compromise of such claims.

B2.4.4 In the event of legal action resulting from the denial of any such claim, the Parties anticipate that the Claims Committee shall recommend suitably qualified legal counsel to defend such claims. Subject to this section and to the extent permitted by law, the Parties agree, except where there is an irreconcilable conflict of interest, (i) to consent to joint representation in defense of such legal action and (ii) to make good faith efforts to enter into a mutually acceptable joint representation agreement to facilitate cooperation, information sharing, and protection of attorney-client privilege and work product in connection with the joint defense. If joint representation is precluded by an irreconcilable conflict of interest or for any other reason, the Party unable to participate in joint representation shall obtain legal counsel of its own choice, at its own expense, to defend itself in such legal action. Bonneville, as an OASIS Party, may but shall not be obligated to comply with sections B2.4.3 and B2.4.4 with respect to any claim against and presented to Bonneville.

B2.4.5 Where the claim or legal action arises in whole or in part from allegedly negligent actions or inactions of ColumbiaGrid in performance of obligations of this Agreement, the self-insured retention and the policy coverage described in section B2.1.1 above shall be regarded as primary with respect to payments or judgments resulting from any such claim or legal action. Payments shall include reasonable attorneys' fees and costs of investigation and defense. To the extent of insurance coverage and the extent permitted by applicable law, ColumbiaGrid shall indemnify, defend, and hold each OASIS Party harmless from and against all Damages based upon or arising out of bodily injuries or damages to Third Person(s) or parties, including without limitation death resulting therefrom, or physical damages to or losses of property caused by, arising out of or sustained in connection with performance of this Agreement to the extent attributable to the negligence of ColumbiaGrid or its employees, agents, suppliers, and subcontractors (including suppliers and subcontractors of subcontractors; hereinafter "Subcontractors"). As used in this section B2.4.5, "damages" means any claims, losses, costs, expenses, damages (including without limitation direct, indirect, incidental, consequential, special, exemplary, and punitive damages), payments made in settlement, arbitration awards, and liabilities, including reasonable attorneys' fees.

B2.5 Inaccurate or Incomplete Data or Information

Liability as between Parties for incomplete or inaccurate data or information shall be subject to the limitations set forth in section B2.6 below, and shall be limited as follows. Each Party shall make good faith efforts to cause data and information provided under this Agreement to be accurate; *provided however* that ColumbiaGrid shall not be liable for damages resulting from the provision of inaccurate or incomplete data or information, except to the extent that such inaccuracy or incompleteness results from ColumbiaGrid's Willful Action.

B2.6 Limitation of Damages

As between ColumbiaGrid and any OASIS Party and as between OASIS Parties, each of those Parties waives as against the other of those Parties (including its directors, commissioners, officers, and employees) all claims, and otherwise covenants not to sue or otherwise pursue any claim or remedy, arising out of or in connection with this Agreement or its performance (whether based on contract, tort, or any other legal theory), except for:

- (i) claims arising under section B2.4.5 of this Agreement with respect to Third Person actions; and
- (ii) claims for actual, direct damages only, which shall under no circumstances include any lost profits, lost data, or any indirect, incidental, consequential, special, exemplary, or punitive damages;

provided nothing in this Agreement shall apply to claims for loss or damage between OASIS Parties that are within the scope of the WIS Agreement.

B3. Uncontrollable Force

A Party shall not be in breach of this Agreement as a result of such Party's failure or delay to perform its obligations under this Agreement when such failure is caused by an

Uncontrollable Force that such Party, despite the exercise of due diligence, is unable to remove with reasonable dispatch; *provided however* that such Party shall have the right to suspend performance of such obligations only to the extent and for the duration that the Uncontrollable Force actually and reasonably prevents the performance of such obligations by such Party. In the event of the occurrence of an Uncontrollable Force that delays or prevents a Party's performance of any of its obligations under this Agreement, such Party shall (i) immediately notify the other Parties of such Uncontrollable Force with such notice to be confirmed in writing as soon as reasonably practicable, (ii) use due diligence to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations under this Agreement, (iii) keep the other Parties apprised of such efforts on an ongoing basis, and (iv) provide written notice of the resumption of performance under this Agreement. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this Agreement involved in such strike, lockout, or labor dispute; and the requirement that a Party must use due diligence to remedy the cause of the Uncontrollable Force or mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes.

B4. Assignments and Conveyances

B4.1 Successors and Assigns

This Agreement is binding on and shall inure to the benefit of the Parties and their respective successors, permitted assigns, and legal representatives.

B4.2 Assignment of ColumbiaGrid's Rights and Obligations

ColumbiaGrid shall not, without the prior written consent of each of the OASIS Parties, assign, pledge or transfer all or any part of, or any right or obligation under, this Agreement, whether voluntarily or by operation of law; *provided* nothing in this section B4.2 shall prohibit ColumbiaGrid from contracting with Third Persons for the provision of services to assist ColumbiaGrid in performing its obligations under this Agreement.

B4.3 Assignment of an OASIS Party's Rights and Obligations

Except as otherwise provided in section B4.4, an OASIS Party shall not, without the prior written consent of ColumbiaGrid, assign, pledge, or transfer all or any part of, or any right or obligation under, this Agreement, whether voluntarily or by operation of law; *provided however* that an OASIS Party may, without the consent of ColumbiaGrid, assign its rights and obligations under this Agreement to any Person (i) into which the OASIS Party is merged or consolidated or (ii) to which the OASIS Party sells, transfers, or assigns all or substantially all of its Electric System, so long as the survivor in any such merger or consolidation, or the purchaser, transferee, or assignee of such Electric System provides to ColumbiaGrid a valid and binding written agreement expressly assuming and agreeing to be bound by all obligations of the OASIS Party under this Agreement.

B4.4 Assignment of Facilities

Notwithstanding any other provision of this Agreement, an OASIS Party may pledge or assign all or any portion of its Transmission System without any other Party's consent.

B4.5 Effect of Permitted Assignment

In the event of any permitted sale, transfer or assignment under this Agreement, the transferor or assignor shall to the extent of the transferred or assigned obligations, and only to such extent, be relieved of obligations accruing from and after the effective date of such transfer or assignment; *provided however* that under no circumstances shall any sale, transfer, or assignment relieve the transferor or assignor of any liability for any breach of this Agreement occurring prior to the effective date of such transfer or assignment.

B4.6 Consent Not Unreasonably Denied or Delayed

Consents to assignment, pledge, or transfer requested pursuant to this section B4 shall not be unreasonably denied or delayed.

B5. Confidentiality Obligations

B5.1 Protection of Confidential Information

Parties seeking designation of Confidential Information shall act in good faith when asserting the confidentiality of material. Each Party shall use reasonable efforts to maintain the confidentiality of all Confidential Information provided to it by another Party pursuant to this Agreement. In the event a dispute arises related to the designation of Confidential Information under this Agreement, representatives of the Parties with authority to settle the dispute shall meet and confer in good faith in an effort to resolve the dispute. If the dispute is not so resolved, the dispute may, if the disputing Parties so elect, be resolved by arbitration as follows. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three member arbitration panel. The two arbitrators so chosen shall within 20 days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric industry matters, including electric transmission issues, and, unless otherwise agreed by the Parties to the dispute, shall not have any current or past substantial business or financial relationships with any Party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

B5.2 Protection of Critical Energy Infrastructure Information

If a Party designates information as "Critical Energy Infrastructure Information" as of the time of its furnishing, ColumbiaGrid shall not post such information on the public portion of its Website. If any Party, or other Person, seeks information so designated as CEII, ColumbiaGrid shall immediately notify the disclosing Party to seek its consent to release such information. If the disclosing Party does not consent, ColumbiaGrid shall not release the CEII and shall inform

the requesting Party of the disclosing Party's decision. Further, if information designated by a Party as CEII is made part of a filing submitted by ColumbiaGrid with the Commission, ColumbiaGrid shall take reasonable steps to ensure the protection of such information pursuant to the 18 C.F.R. § 388.112(b).

B5.3 Protection of Other Information

ColumbiaGrid shall protect Other Information consistent with its contractual commitment relating to such Other Information.

B5.4 Disclosure Pursuant to Statute or Administrative or Judicial Order

Each Party shall use reasonable efforts to maintain the confidentiality of all Confidential Information provided to it by another Party pursuant to this Agreement; *provided however* that each Party shall be entitled to disclose such Confidential Information if it is required to make such disclosure by statute or administrative or judicial order or if it makes such disclosure pursuant to a protective order of the administrative or judicial body. Each Party shall, promptly upon receipt of a request for such Confidential Information (or receipt of a notice of a request to an administrative or judicial forum for the public disclosure of such Confidential Information), notify the other Party and other affected OASIS Parties of any such request. A Party whose Confidential Information is sought to be released may, in its sole discretion and at its sole cost and expense, undertake any challenge to such disclosure.

B5.5 Disclosure of Information Subject to Standards of Conduct

If a Party furnishes information marked as "Standards of Conduct Information" at the time of its furnishing, ColumbiaGrid shall not disclose such information to any Party, including the disclosing Party, or any Third Person unless such disclosure would be consistent with the Commission's regulations in 18 C.F.R. Part 358.

B5.6 Third Person Access to ColumbiaGrid Data and Analysis

ColumbiaGrid shall develop, and revise as necessary, policies regarding the provision of data or analysis to Third Persons subject to the appropriate treatment of Confidential Information, information relating to Standards of Conduct matters, any information to be protected pursuant to any contractual commitment of ColumbiaGrid to protect information and CEII; *provided that* ColumbiaGrid shall make clear on its Website and in other distributions that such data and analysis is being provided as is and that any reliance by the user on such data or analysis is at its own risk and, specifically, shall make clear that any such data or analysis is not warranted by ColumbiaGrid or any OASIS Party and that neither ColumbiaGrid nor any OASIS Party is responsible for any such data or analysis, for any errors or omissions in such data or analysis, or for any delay or failure to provide any such data or analysis to such Third Persons. ColumbiaGrid shall require, through electronic means or otherwise, that Third Persons receiving any such data or analysis from ColumbiaGrid signify agreement with the foregoing.

B6. Effective Date

B6.1 Original Parties

Except as provided in section B6.2, this Agreement shall become effective for all Parties 60 days after the agreement is offered for signature; *provided that*, with respect to an OASIS Party subject to Commission jurisdiction, if the Commission asserts jurisdiction and does not accept this Agreement for filing or accepts this Agreement for filing but in connection with such acceptance requires a change in, or imposes a new condition on, this Agreement, this Agreement shall be effective thereafter only if all of the Parties agree in writing to such change or condition.

B6.2 Subsequent OASIS Parties

With respect to any Qualified Person who executes this Agreement after the Effective Date established pursuant to section B6.1, this Agreement shall be effective as to such Qualified Person as of the date it executes the Agreement and delivers such Agreement to each of the Parties.

B6.3 Regulatory Filings, if Any

ColumbiaGrid shall make any necessary regulatory filing of this Agreement (promptly after it is offered) or subsequent amendments with the Commission on behalf of each OASIS Party that would otherwise have to submit this Agreement for filing because they are subject to Commission jurisdiction and who request ColumbiaGrid to make such filing.

B7. Withdrawal

Any OASIS Party may withdraw from this Agreement pursuant to this section B7.

B7.1 Notice of Potential Withdrawal

Prior to withdrawing, an OASIS Party intending to withdraw (“Withdrawing Party”) from this Agreement shall provide written notice to the other OASIS Parties and ColumbiaGrid stating that it intends to withdraw from this Agreement and setting out the reasons for its withdrawal.

B7.2 Discussion of Concerns

The chief executive officer or equivalent executive of the Parties, including the Withdrawing Party, shall promptly discuss the reasons for the Withdrawing Party’s withdrawal to determine whether this Agreement can be amended in a manner that is acceptable to all of the Parties.

B7.3 Notice of Withdrawal

If notwithstanding the discussion pursuant to section B7.2, the Withdrawing Party still intends to withdraw, such Party shall provide each of the Parties with a written notice of withdrawal. Such notice (or a deemed notice of withdrawal pursuant to section B7.4) shall commence a withdrawal period of 30 months or one complete Payment Cycle, whichever expires

earlier (“Withdrawal Period”). During the Withdrawal Period, the Withdrawing Party shall continue to be obligated as a Payor to pay its Maximum Payor Obligation in effect at the time of such Withdrawing Party’s notice of withdrawal during the Withdrawal Period; *provided further that* if the Withdrawing Party is withdrawing because of a modification of the Maximum Total Payment Obligation under section A1.1.3 and such Withdrawing Party voted against the modification, such Withdrawing Party’s obligation to pay its Maximum Payor Obligation shall be capped at the amount in effect immediately prior to such modification. During such Withdrawal Period, a Withdrawing Party shall not be a Voting Payor. At the end of the Withdrawal Period, all rights and obligations under this Agreement of the Withdrawing Party shall terminate; *provided that* all obligations and liabilities accrued under this Agreement through any such termination are hereby preserved until satisfied.

B7.4 Effect of Default

In the event an OASIS Party fails to perform its payment obligations under section A1.3, and such failure is not cured within 30 days of the date payment was due, that OASIS Party shall be deemed to have given a notice of withdrawal under section B7.3.

B7.5 Rescission of Notice of Withdrawal

If a Withdrawing Party rescinds its notice of withdrawal during the Withdrawal Period and such Withdrawing Party has paid ColumbiaGrid its Allocated Share of all Invoices issued by ColumbiaGrid as of the date of such rescission, such Withdrawing Party shall not be considered a New Payor and shall not be required to pay the New Payor fee under section A1.8.3. If such Withdrawing Party withdrew because of a modification of the Total Maximum Payment Obligation under section A1.1.3 and, pursuant to section B7.3, such Withdrawing Party has not been paying a share of the increase in the Maximum Total Payment Obligation, the Withdrawing Party shall also pay ColumbiaGrid an amount equal to such Withdrawing Party’s Allocated Share of the amount such Withdrawing Party did not pay under this Agreement as a result of its withdrawal plus interest on such unpaid amount from the time it would have been paid in the absence of such withdrawal and continuing until such amount is paid. Such interest shall be compounded daily at an annual interest rate equal to the lesser of (i) a rate equal to 200 basis points above the per annum prime rate reported daily in *The Wall Street Journal* or (ii) the maximum rate permitted by applicable law.

B7.6 Accelerated Withdrawal

B7.6.1 Commission Failure to Accept for Filing Without Change or Condition

If, as a result of an initial submittal for filing of this Agreement with the Commission by ColumbiaGrid pursuant to section B6.3, the Commission fails to accept this Agreement for filing without change or condition within 120 days after filing, then any OASIS Party may withdraw from this Agreement during the 90 day period following the Commission’s action or the expiration of 240 days after initial submittal for filing of this Agreement, whichever comes first. Such withdrawal shall be upon written notice to all other OASIS Parties. Such accelerated withdrawal shall not be subject to the requirements of sections B7.1 through B7.3,

and the OASIS Party exercising a right of accelerated withdrawal shall have no further obligation under this Agreement to make payments or participate after notice pursuant to this section; *provided that* those other obligations which, in the ordinary course, would survive termination of this Agreement by all OASIS Parties shall survive. A holding by the Commission that it does not require this Agreement to be on file shall not constitute a basis for accelerated withdrawal.

B7.6.2 Compliance

If an OASIS Transmission Provider determines in good faith that its continued performance under this Agreement would cause it to fail to comply with the Commission's requirements then applicable to such OASIS Transmission Provider's OATT or OASIS, such OASIS Transmission Provider may withdraw from this Agreement immediately upon written notice to all other OASIS Parties. Such accelerated withdrawal shall not be subject to the requirements of sections B7.1 through B7.3, and the OASIS Party exercising a right of accelerated withdrawal shall have no further obligation under this Agreement to make payments or participate after notice pursuant to this section; *provided that* those other obligations which, in the ordinary course, would survive termination of this Agreement by all OASIS Parties shall survive.

It is contemplated that the chief executive officer or equivalent executive of all of the Parties and the OASIS Party that has withdrawn shall promptly discuss the reasons for such withdrawal to determine whether this Agreement can be amended in a manner that is acceptable to all of the Parties and the OASIS Party that has withdrawn.

B8. Miscellaneous

B8.1 Notices

B8.1.1 Permitted Methods of Notice. Any notice, demand, or request in accordance with this Agreement, unless otherwise provided in this Agreement, shall be in writing and shall be deemed properly served, given, or made to the address of the receiving Party set forth below (i) upon delivery if delivered in person, (ii) upon execution of the return receipt, if sent by registered United States or Canadian mail, postage prepaid, return receipt requested, or (iii) upon delivery if delivered by prepaid commercial courier service.

The address of ColumbiaGrid shall be:

ColumbiaGrid
8338 NE Alderwood Road
Suite 140
Portland, OR 97220
Attn: Jon Kaake

The addresses of the OASIS Parties shall be:

Avista Corporation:

Avista Corporation
1411 E. Mission Ave.
Spokane, WA 99202-1902
Attn: Manager, Transmission Services

Bonneville Power Administration:

Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621
Attn: Rodereck Kelley

Public Utility District No. 1 of Chelan County, Washington:

Public Utility District No. 1 of Chelan County, Washington
P.O. Box 1231
Wenatchee, WA 98807-1231
Attn:

Public Utility District No. 2 of Grant County, Washington:

Public Utility District No. 2 of Grant County, Washington
P.O. Box 878
Ephrata, WA 98823
Attn:

Puget Sound Energy, Inc.:

Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009
Attn: [[George Marshall, Manager, Transmission Contracts]]

The City of Seattle, a municipal corporation of the State of Washington, acting by and through its City Light Department:

City of Seattle, City Light Department
700 Fifth Avenue, Suite 3300
Seattle, WA 98124
Attn: Robert Cromwell, Strategic Advisor, Power Management

The City of Tacoma, Department of Public Utilities, Light Division
(dba Tacoma Power):

Tacoma Power
P.O. Box 11007
Tacoma, WA 98411-0007
Attn: Cathy Leone-Woods

B8.1.2 Change of Notice Address. Any Party may at any time, by notice to ColumbiaGrid, change the designation or address of the person specified to receive notice on its behalf. In such case, ColumbiaGrid shall promptly notify all of the other OASIS Parties of such change.

B8.1.3 Routine Notices. Any notice of a routine character in connection with this Agreement shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this Agreement.

B8.2 Amendment or Modification

This Agreement may not be amended or modified except by any subsequent mutual written agreement, duly executed by all then current Parties to this Agreement. If any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification, or condition. If a Party finds such holding, modification, or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, a Party may by written notice to each other Party withdraw from this Agreement pursuant to section B7; *provided that* the Withdrawal Period for any such withdrawal shall be 15 days.

B8.3 Construction of Agreement

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

B8.4 Existing Agreements Preserved

Nothing in this Agreement shall be interpreted to supersede the requirements of any existing agreement unless otherwise expressly stated herein.

B8.5 Governing Law

This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of Washington, except to the extent that such laws may be preempted

by the laws of the United States or of Canada, as applicable; *provided however* that notwithstanding the foregoing, with respect to a dispute involving an OASIS Party that is a United States government entity (including, but not limited to, a federal power marketing administration), this Agreement shall in all respects be interpreted, construed, and enforced in accordance with the laws of the United States. The Parties acknowledge that with respect to an OASIS Party that is an agency of the United States federal government, under law in effect as of the Effective Date, such agency has not by this Agreement waived its sovereign immunity.

B8.6 Equitable Relief

If the OASIS Party seeks injunctive or other equitable judicial relief for the failure of ColumbiaGrid to comply with its obligations to the OASIS Party under this Agreement, ColumbiaGrid agrees not to challenge such action on the basis that monetary damages would be a sufficient remedy.

B8.7 Singular and Plural; Use of “Or”

Any use of the singular in this Agreement also includes the plural and any use of the plural also includes the singular. References to “or” shall be deemed to be disjunctive but not necessarily exclusive. References to “including,” “include,” and “includes” shall be deemed to mean “including but not limited to,” “include but not limited to,” and “includes but not limited to,” respectively.

B8.8 Headings for Convenience Only

The section headings in this Agreement are intended for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any provisions of this Agreement.

B8.9 Relationship of the Parties

B8.9.1 No Partnership, Etc. Nothing contained in this Agreement shall be construed to create an agency, association, joint venture, trust, or partnership or to impose a trust or partnership covenant, obligation, or liability on or with regard to any of the Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities under this Agreement.

B8.9.2 Rights Several. All rights of the Parties are several, not joint. Except as may be expressly provided in this Agreement, no Party shall have a right or power to bind any other Party without such other Party’s express written consent.

B8.10 No Third Person Beneficiaries

This Agreement shall not be construed to create rights in, or to grant remedies to, any Third Person as a beneficiary of this Agreement or of any duty, obligation, or undertaking established in this Agreement. Nothing in this Agreement is intended to restrict the right of any OASIS Party or Interested Party to seek an order from the Commission under the Federal Power Act.

B8.11 No Dedication of Facilities

No undertaking by any OASIS Party under or pursuant to any provision of this Agreement shall constitute or be deemed to constitute a dedication of all or any portion of such OASIS Party's Transmission System, to any other Party or to the public.

B8.12 Nonwaiver

Any waiver at any time by any Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any other default or other matter arising in connection with this Agreement. Any waiver must be delivered in writing, executed by an authorized representative of the Party granting such waiver. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

B8.13 Further Actions and Documents

Each Party agrees to do all things, including, but not limited to, the preparation, execution, delivery, filing, and recording of any instruments or agreements reasonably requested by any other Party necessary to carry out the provisions of this Agreement.

B8.14 Counterparts

This Agreement may be executed in counterparts, which may be executed at different times. Each counterpart shall constitute an original but all counterparts together shall constitute one and the same instrument. ColumbiaGrid shall maintain the original signature pages, and shall prepare and distribute a conformed copy of this Agreement to the OASIS Parties.

B8.15 No Expansion of Commission Authority

Nothing in this Agreement, or any undertaking by or with ColumbiaGrid, is intended to (a) create or grant the Commission authority over entities or matters which it would not otherwise have or (b) imply or establish that any Party agrees, or is precluded from contesting, as to whether or the extent to which the Commission has jurisdiction over a Party or matter or has the authority to order particular relief.

B8.16 Representation of Qualified Person Status

Each OASIS Party, upon its execution and delivery of this Agreement, represents that such OASIS Party is a Qualified Person.

B8.17 Representation of Authority

Each Party, upon its execution and delivery of this Agreement, represents that it has authority to enter into and perform this Agreement. Each Party represents that the individual signing this Agreement on its behalf is authorized to sign this Agreement on behalf of the Party for which such individual signs.

B8.18 OASIS Parties Records and Information Sharing

Each OASIS Party shall maintain and make available for ColumbiaGrid's inspection at such OASIS Party's facilities, during normal business hours and upon request, data, records and drawings describing the physical and electrical properties of such OASIS Party's Electric System, subject to any applicable provisions for protection of Confidential Information, CEII, and Other Information.

B8.19 Other Reports

ColumbiaGrid may, upon reasonable notice to an OASIS Party, request that such OASIS Party provide ColumbiaGrid with such other information or reports as ColumbiaGrid may reasonably deem necessary for its performance of this Agreement. The OASIS Party shall, except to the extent prohibited by law, make all such information or reports available to ColumbiaGrid within a reasonable period of time and in a form specified by ColumbiaGrid, subject to any applicable provisions for protection of Confidential Information, CEII, and Other Information.

B9. Standards of ColumbiaGrid Performance

ColumbiaGrid shall carry out its obligations under this Agreement in an efficient, expeditious, professional, and skillful manner. In providing services to OASIS Parties under this Agreement, ColumbiaGrid shall comply with all applicable laws, ordinances, rules, regulations, orders, licenses, permits, and other governmental requirements (including, but not limited to, any such requirements imposed upon OASIS Parties with respect to ColumbiaGrid's provision of services under this Agreement); *provided that* regulatory requirements imposed on any single OASIS Party shall not be deemed applicable to other OASIS Parties as a result of this Agreement.

B10. Authorization for ColumbiaGrid to Perform Obligations Under This Agreement

OASIS Parties agree that, unless specifically otherwise provided in this Agreement, ColumbiaGrid is authorized, pursuant to Bylaws Section 6.1, to engage on its own behalf, and not as agent for OASIS Parties, in any activity reasonably necessary to perform its obligations under this Agreement, including the hiring of contractors or consultants.

APPENDIX C - DEFINITIONS

Unless otherwise specified in this Agreement, terms used in this Agreement and defined in the Open Access Transmission Tariff shall have the meanings given such terms in the Open Access Transmission Tariff.

C1.1 “Agreement Limiting Liability Among Western Interconnected Systems” or “WIS Agreement” means at any time the Agreement Limiting Liability Among Western Interconnected Systems as it may have then been amended.

C1.2 “Allocated Share” with respect to each Payor means at any time the percentage for such Payor as determined by ColumbiaGrid pursuant to the formula set forth in section A1.4, as such percentage may have then been adjusted pursuant to sections A1.5 or A1.6; *provided that* the Allocated Share of any New Payor of any Invoice submitted to such New Payor pursuant to section A1.8.3 shall be equal to the \$10,000 amount of such Invoice.

C1.3 “Bylaws” means the then current bylaws of ColumbiaGrid.

C1.4 “Claims Committee” means a committee established pursuant to section B2.4 of this Agreement upon the receipt of a claim or prior to such time.

C1.5 “ColumbiaGrid OASIS” means a single Open Access Same Time Information System interface, as described in section 1.1, to be provided by ColumbiaGrid.

C1.6 “Commission” means the Federal Energy Regulatory Commission or any successor entity.

C1.7 “Common Available Transfer Capability Methodology” or “Common ATC Methodology” means the methodology contemplated to be developed in section 1.5 (as such methodology may be revised from time) to time.

C1.8 “Common Interconnection Service Request Queue” means the Common Interconnection Service Request Queue contemplated to be developed in section 1.6 and includes development of common queue services through a common OASIS and underlying contractual arrangements.

C1.9 “Common Transmission Service Request Queue” means the Common Transmission Service Request Queue contemplated to be developed in section 1.6, and includes development of common queue services through a common OASIS and underlying contractual arrangements.

C1.10 “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) 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.

C1.11 “CPI Index/GNP Deflator” means the Consumer Price Index for Portland, published monthly by the U.S. Department of Labor, Bureau of Labor Statistics, or, if the U.S. Department of Labor discontinues the publication of the CPI Index, or alters the same in some other material manner, then a substitute index or substitute procedure as selected by ColumbiaGrid that reasonably reflects and monitors changes in consumer prices similar to the altered or discontinued index.

C1.12 “Critical Energy Infrastructure Information” or “CEII” means information as defined in 18 C.F.R. § 388.113(c), as may be amended from time to time, about existing and proposed systems or assets, whether physical or virtual, relating to the production, generation, transportation, transmission, or distribution of energy that could be useful to a person in planning an attack on such systems or assets, the incapacity or destruction of which would negatively affect security, economic security, or public health or safety.

C1.13 “Effective Date” means the date this Agreement becomes effective as set out in section B6.

C1.14 “Electric System” has the meaning given for the words “electric system” in the WIS Agreement and means (a) electric distribution facilities or (b) generation facilities or (c) transmission facilities, or any combination of the three, and includes transmission lines, distribution lines, substations, switching stations, generating plants, and all associated equipment for generating, transmitting, distributing or controlling flow of power. The Electric System of a Person includes the facilities of another entity operated or controlled by such Person. “Electric System” includes any devices or equipment (1) by which information is originated on an electric system or by the Person operating such system, (2) by which such information is transmitted, and (3) by which such information is received either for information or for operation of a system, whether by the originating system or by another system.

C1.15 “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 Section 4.2 of the ColumbiaGrid Bylaws.

C1.16 “Invoice” means an invoice submitted by ColumbiaGrid to all Payors (or to a New Payor) pursuant to section A1.8 for services rendered and corporate overhead under section A1.2.

C1.17 “Maximum Payor Obligation” or “MTPO” for each Payor means the maximum total of Payment Amounts (specifically excluding any interest such Payor is obligated to pay under section A1.8.6.3 due to such Payor’s failure to pay its Allocated Share of a Payment Amount when due) such Payor is obligated to pay under section A1.3 of this Agreement.

C1.18 “Maximum Total Payment Obligation” or “MTPO” means the maximum total of Payment Amounts (specifically excluding any interest any Payor is obligated to pay under section A1.8.6.3 due to such Payor’s failure to pay its Allocated Share of a Payment Amount when due), which maximum total, for each Payment Cycle, is the sum to be provided to ColumbiaGrid in the aggregate by the Payors. The Maximum Total Payment Obligation equals

- (i) an amount equal to \$2,400,000 for a Payment Cycle, as such amount may be adjusted by the CPI/GNP Deflator pursuant to section A1.1.2, or
- (ii) such other amount for a Payment Cycle as may be required pursuant to section A1.1.3, as such amount may be subsequently adjusted by the CPI/GNP Deflator pursuant to section A1.1.2;

provided that in the event the first Payment Cycle is less than two fiscal years to allow Payment Cycles after the first Payment Cycle to commence at the beginning of a ColumbiaGrid fiscal year, the Maximum Total Payment Obligation for the first Payment Cycle shall be prorated to reflect the actual length of the first Payment Cycle.

C1.19 “NAESB” means North American Energy Standards Board or its successor.

C1.20 “NERC” means North America Electric Reliability Corporation or its successor.

C1.21 “New Payor” means a Qualified Person that enters into this Agreement, and thereby becomes an OASIS Party, subsequent to the Effective Date by executing a counterpart of this Agreement and delivering it to each Party; *provided that* a consortium of similarly situated OASIS Parties, none of which operates a control area, may elect at the time they enter into this Agreement to be designated as a single Payor and shall thereby become jointly and severally liable for the Payment Cycle fixed payment amount (of \$50,000) pursuant to section A1.4 and the New Payor fee (of \$10,000) pursuant to section A1.8.3.

C1.22 “OASIS Party” means each Party other than ColumbiaGrid.

C1.23 “OASIS Processes” means the processes required to develop (i) a Common ATC Methodology and (ii) Common Interconnection Service Request Queue and Common Transmission Service Request Queue methodologies.

C1.24 “OASIS Transmission Provider” for purposes of this Agreement means any OASIS Party that makes transmission or interconnection service available pursuant to an Open Access Transmission Tariff and uses an Open Access Same Time Information System to make such transmission service available.

C1.25 “OATI” means the OASIS platform vendor or its successor used by the wesTTrans parties.

C1.26 “Open Access Transmission Tariff” or “OATT” means, for each OASIS Party with a Transmission System, such OASIS Party’s open access transmission tariff and, if such OASIS Party does not have such a tariff, the Commission’s pro forma open access transmission tariff.

C1.27 “Other Information” means information that ColumbiaGrid has contractually committed to protect.

C1.28 “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).

C1.29 “Party” means a signatory to this Agreement.

C1.30 “Payment Amount” means the total amount of payment to be provided to ColumbiaGrid by the Payors (or by a New Payor(s)) in the aggregate pursuant to section A1.3 in response to an Invoice.

C1.31 “Payment Cycle” means each period of two consecutive ColumbiaGrid fiscal years for which the budget for provision of services under this Agreement is to be prepared; *provided that* the first Payment Cycle may be for a period less than two such fiscal years to allow each Payment Cycle after the first Payment Cycle to commence at the beginning of a ColumbiaGrid fiscal year. For purposes of this Agreement, a fiscal year shall be a twelve-month period.

C1.32 “Payor” means each OASIS Party; *provided that* a consortium of similarly situated OASIS Parties, none of which operates a control area, may elect at the time they enter into this Agreement to be designated as a single Payor and shall thereby become jointly and severally liable for the Payment Cycle fixed payment amount (of \$50,000) pursuant to section A1.4 and the New Payor fee (of \$10,000) pursuant to section A1.8.3; *provided further that* each such OASIS Party shall otherwise be a separate OASIS Party under this Agreement.

C1.33 “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.

C1.34 “Qualified Person” means (i) any Person that operates, uses, or owns, or proposes to operate, use, or own, an Electric System in the Pacific Northwest, (ii) any Person that is, or proposes to be, a transmission customer in the Pacific Northwest under an OATT or using an OASIS, or (iii) any governmental entity having authority under state, provincial, or federal law to regulate any of the foregoing of the Regional Interconnected Systems.

C1.35 “Regional Interconnected Systems” or “RIS” means the interconnected transmission systems in the Pacific Northwest.

C1.36 “Remaining Maximum Total Payment Obligation” means, at any time during the term of this Agreement, the amount of Maximum Total Payment Obligation for which Invoices have not been issued. Upon the addition of a New Payor, the Remaining Maximum Total Payment Obligation shall equal the Maximum Total Payment Obligation minus the sum of (i) the

aggregate of all Invoices as of the date the New Payor executes and delivers this Agreement to each Party plus (ii) the Payment Amount requested by the Initial Invoice to such New Payor pursuant to section A1.8.3.

C1.37 “Third Person” means any Person other than a Party.

C1.38 “Transmission System” means the transmission facilities in the Pacific Northwest owned or operated by an OASIS Party. For purposes of this Agreement, an “owner” includes a Party that has a leasehold interest in or other beneficial use of the subject facilities, where, for financing purposes, legal title is held by another entity.

C1.39 “Uncontrollable Force” means any act or event that delays or prevents a Party from timely performing obligations under this Agreement, including an act of God, strike, lock-out, labor dispute, labor disturbance, act of the public enemy, act of terrorism, war, insurrection, riot, fire, storm or flood, earthquake, explosion, accident to or breakage, failure or malfunction of machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities (other than, as to its own performance, by such Party that is a federal power marketing administration, municipal corporation or other federal, tribal or state governmental entity or subdivision thereof), or any other cause beyond such Party’s reasonable control and to the extent without such Party’s fault or negligence. Economic hardship shall not constitute an Uncontrollable Force under this Agreement.

C1.40 “Voting Payor” means, as of the time of any request for a modification of the Maximum Total Payment Obligation pursuant to section A1.1.3, each Payor that is then a Party to this Agreement (and has not then given notice of withdrawal pursuant to section B7.3 and is not then deemed to have given notice of withdrawal pursuant to section B7.4).

C1.41 “wesTTrans” means an enhanced OASIS site serving a significant portion of the Western Interconnection in which each participating transmission provider voluntarily maintains its own OASIS but which collectively provides a single interface access to nearly all transmission within the West.

C1.42 “Website” means the website maintained by ColumbiaGrid at www.columbiagrid.org.

C1.43 “Willful Action” means an action taken or not taken by a Party, which action is knowingly or intentionally taken or failed to be taken, with intent that injury or damage would result therefrom or which action is wantonly reckless. Willful Action does not include any act or failure to act which is involuntary, accidental, negligent, or grossly negligent.

C1.44 “WIS Agreement”: see definition C1.1 above.