

COLUMBIAGRID

**INDEPENDENT REVIEW OF SOUTH OF
ALLSTON REINFORCEMENT PROJECT
FUNCTIONAL AGREEMENT**

September 14, 2016

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COLUMBIAGRID

INDEPENDENT REVIEW OF SOUTH OF ALLSTON REINFORCEMENT PROJECT FUNCTIONAL AGREEMENT

THIS INDEPENDENT REVIEW OF SOUTH OF ALLSTON REINFORCEMENT PROJECT FUNCTIONAL AGREEMENT including Appendices A, B, C, and D hereto (“Agreement”) is entered into as of September 14 , 2016 by and among the Bonneville Power Administration (“Bonneville”) 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. Bonneville is a member of ColumbiaGrid and a signatory to the Planning and Expansion Functional Agreement. Bonneville owns and operates the Federal Columbia River Transmission System.

D. Bonneville has identified the need for a reinforcement project for its South of Allston transmission path capability (the “South of Allston Reinforcement Project”) in order to reduce the impact of line outages and transformer outages that can decrease the path capability.

E. Bonneville is in the process of reviewing, in coordination with potentially impacted systems, the South of Allston Reinforcement Project in order to evaluate alternatives for reinforcing its South of Allston transmission path capability.

F. Bonneville seeks an independent qualitative review of certain transmission reliability technical analyses that pertain to Bonneville’s proposed South of Allston Reinforcement Project and that were performed in 2016 in conjunction with the Regional Transmission Review Group.

G. ColumbiaGrid will facilitate the review of the proposed South of Allston Reinforcement Project by assembling and coordinating an Independent Review Panel, and in conjunction with the Independent Review Panel, perform an Independent Review and prepare an Independent Review Report of Bonneville’s 2016 South of Allston Analyses.

H. ColumbiaGrid will facilitate the Independent Review and Independent Review Report to assist Bonneville in its broader evaluation and consideration of the South of Allston Reinforcement Project.

AGREEMENT

1. ColumbiaGrid Services

ColumbiaGrid will provide to Bonneville the services specified in this section 1. This Agreement will commence on the Effective Date and will continue until February 28, 2017.

1.1 Independent Review Performance

Bonneville hereby engages ColumbiaGrid to assemble the Independent Review Panel to perform an Independent Review and prepare an Independent Review Report of the 2016 South of Allston Analyses. The Independent Review will be performed, and an Independent Review Report will be prepared, pursuant to the provisions of this Agreement.

1.2 Duties of the Independent Review Panel

ColumbiaGrid will select and contract with the members of the Independent Review Panel to perform duties and obligations pertaining to the Independent Review, including but not limited to:

- (1) attending and actively participating in each in-person and webinar meeting conducted in furtherance of the Independent Review;
- (2) drafting and submitting requests for information and additional technical analysis to Bonneville when such information and analyses are deemed by the Independent Review Panel to be necessary to the Independent Review;
- (3) reviewing Bonneville's responses to the information and technical analysis requests from the Independent Review Panel;
- (4) reviewing the 2016 South of Allston Analyses;
- (5) reviewing the Regional Transmission Review Group's report(s);
- (6) working in good faith to develop a consensus Independent Review with other Independent Review Panel members, or if consensus is not practicable, presenting individual opinions on the Independent Review;
- (7) drafting portions of the Independent Review Panel's draft and final reports; and
- (8) reviewing and providing comment on all portions of the Independent Review Panel's draft report.

These duties and obligations will be memorialized in separate consulting agreements between each member of the Independent Review Panel and ColumbiaGrid, which will also require each member of the Independent Review Panel to make travel arrangements, track expenses, and submit requests to ColumbiaGrid for reimbursements and payment of consulting

fees, if applicable. It is anticipated that individual members of the Independent Review Panel will, at their individual discretion, be able to waive reimbursements or payment of consulting fees.

1.3 ColumbiaGrid Facilitation of Independent Review and Independent Review Report

(i) In consultation with Bonneville, ColumbiaGrid will implement and update, as appropriate, the Independent Review and Independent Review Report process, including any deliverables, milestones, and timelines consistent with Appendix C.

(ii) ColumbiaGrid will provide staff to support the selection of the Independent Review Panel members and to facilitate the performance of the Independent Review and Independent Review Report.

(iii) Following the assembly of the Independent Review Panel and the execution of the consulting agreements with each member of the Independent Review Panel in accordance with section 1.2, ColumbiaGrid will:

(1) chair, organize, host, and facilitate in-person and webinar meetings with the Independent Review Panel;

(2) establish and communicate project timelines and progress to Bonneville;

(3) notify the Regional Transmission Review Group of Independent Review Panel meetings that they can attend;

(4) act as a subject matter expert resource to the Independent Review Panel;

(5) assist the Independent Review Panel in drafting informational and data discovery requests to Bonneville;

(6) compile Bonneville's responses to information and technical analysis requests from the Independent Review Panel;

(7) review and disseminate Bonneville's responses to information and technical analysis requests from the Independent Review Panel;

(8) assist the Independent Review Panel in drafting the draft and final reports detailing the Independent Review Panel's findings;

(9) coordinate input from the members of the Independent Review Panel on the draft report; and

(10) provide staff in support of all of the above.

1.4 Condition Precedents for ColumbiaGrid Services

Bonneville's fulfillment of its duty to cooperate as specified in section 2.1 and its duty to provide support for ColumbiaGrid and the Independent Review Panel as specified in section 2.2 are conditions precedent to ColumbiaGrid's obligations as specified in this Agreement, including ColumbiaGrid's facilitation of the review by the Independent Review Panel and production of the Independent Review Report.

2. Process Requirements

2.1 Duty to Cooperate

Bonneville will cooperate with and support ColumbiaGrid in the implementation of ColumbiaGrid's responsibilities under this Agreement. Bonneville will actively participate in, and support ColumbiaGrid in, facilitating the Independent Review and Independent Review Report. Specifically, Bonneville will provide the information necessary to assist with the timely completion of the Independent Review and Independent Review Report.

2.2 Bonneville's Support for the Independent Review and Independent Review Report

Bonneville will support ColumbiaGrid's facilitation of the Independent Review and Independent Review Report by:

(1) providing a list of potential individuals to serve on the Independent Review Panel, including contact information for each;

(2) providing ColumbiaGrid with the 2016 South of Allston Analyses including supporting documents such as input files and assumptions, the relevant power flow base cases, study scenarios, output files, and results, which will together comprise the volume of work, 2016 South of Allston Analyses as defined in Section D1.1, that is to be reviewed by the Independent Review Panel;

(3) providing to ColumbiaGrid, as soon as reasonably practicable, any reports, including current drafts, and any other work products produced by, or in conjunction with, the Regional Transmission Review Group pertaining to the 2016 South of Allston Analyses;

(4) providing, as soon as reasonably practicable, including in electronic form, to ColumbiaGrid and presenting to ColumbiaGrid and the Independent Review Panel, via an in-person meeting, a detailed PowerPoint, or other sufficient electronic format, review and summary of the 2016 South of Allston Analyses including a detailed description of Bonneville's assumptions, inputs, and methodology used in performing the 2016 South of Allston Analyses, a detailed description of the transmission needs for the proposed South of Allston Reinforcement Project, a detailed description of the manner in which the proposed South of Allston Reinforcement Project solves those needs, any other transmission solutions considered to solve those needs as well as Bonneville's analyses of those alternatives, and a detailed description of any non-transmission alternatives considered to solve the identified transmission needs;

(5) responding to reasonable information requests and reasonable requests for additional documents, work papers, or technical analyses from the Independent Review Panel in an expeditious, timely, and thorough manner;

(6) providing a list of the participants in the Regional Transmission Review Group, including contact information for each; and

(7) paying for the costs of the Independent Review, including all expenses and consulting fees of the members of the Independent Review Panel, compensation for ColumbiaGrid staff time required for ColumbiaGrid to fulfill its obligations under this Agreement, and 40% overhead loading on all of the costs related to this Agreement.

Bonneville, at its discretion, may consider the recommendations or results of the Independent Review in determining whether to perform additional technical analyses for the proposed South of Allston Reinforcement Project. To the extent that Bonneville determines to perform any such analyses during the term of this Agreement and, further, to the extent that the assumptions, studies, and results of any such analyses are completed and provided to ColumbiaGrid in a timely manner during the term of this Agreement, ColumbiaGrid may include a qualitative review of any such analyses as part of the Independent Review.

3. No Agency

Nothing in this Agreement authorizes ColumbiaGrid to act as agent for, act on behalf of, or make commitments for Bonneville. Bonneville owns and/or operates a Transmission System and retains its independent authority to evaluate or adopt any study results related to its Transmission System. Nothing in this Agreement obligates Bonneville to take any action with respect to its Transmission System including, but not limited to, adopting any alternative solution.

4. 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 Appendix B6.2 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: 
Name: Patrick J. Damiano

Title: President & CEO

Date: September 14, 2016

DD

Bonneville Power Administration

By: _____

Name: _____

Title: _____

Date: _____

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

ColumbiaGrid

By:

Name:

Title:

Date:

Bonneville Power Administration

By:



Name: Jeffrey W. Cook

Title: VP, Transmission Planning + Asset management

Date:

9/8/14

APPENDIX A – FINANCIAL PROVISIONS

A1. Payment

A1.1 Maximum Total Payment Obligation

A1.1.1 Maximum Total Payment Obligation. The Maximum Total Payment Obligation will be an amount equal to [REDACTED] which includes:

- (1) an estimate of timesheet supported direct labor costs relating to ColumbiaGrid staff performing work under this agreement; such work primarily planned to be its preparation, participation, and facilitation of meetings, as well as the technical review of documents under this Agreement;
- (2) an estimate of an amount for direct legal costs incurred after the effective date of this Agreement in relation to this Agreement;
- (3) an estimate of an amount to reimburse Independent Review Panel members for their meeting preparation, attendance, and travel expenses which they will invoice to ColumbiaGrid, and
- (4) an allocation of corporate overheads pursuant to a Corporate Cost Allocation Factor, as defined in Appendix A1.2.

The Maximum Total Payment Obligation may be modified pursuant to Appendix A1.1.2.

A1.1.2 Modification of Maximum Total Payment Obligation. ColumbiaGrid or Bonneville may request from time to time a modification in the Maximum Total Payment Obligation, by written request to the other Party. The Maximum Total Payment Obligation will be modified on the written agreement of the Parties.

A1.1.3 Notice of Modification of Maximum Total Payment Obligation. ColumbiaGrid will promptly reflect any approved modification of the Maximum Total Payment Obligation pursuant to Appendix A1.1.2, and the effective date of such modification or adjustment in a revised Appendix A.

A1.2 Allocation of Corporate Overhead

ColumbiaGrid will 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 will 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 contemplate an inclusion of all such corporate expenses using a Corporate Cost Allocation Factor of 40 percent (40%) pursuant to the ColumbiaGrid Fourth Funding Agreement, dated August 18, 2010,

(“Funding Agreement”). It is contemplated that requests for modification of the Maximum Total Payment Obligation may also reflect an allocation of additional corporate expenses.

A1.3 Bonneville’s Payment Obligation

Subject to Appendix A1.4 and the other provisions of this Agreement, Bonneville agrees to provide the Payment Amount to ColumbiaGrid in response to an Invoice and pursuant to the provisions of this Agreement. All dollar amounts set forth in this Agreement are U.S. dollars.

A1.4 Invoices

A1.4.1 Invoices. Monthly, starting in September 2016, ColumbiaGrid will submit an Invoice for costs incurred after August 17, 2016 (including corporate overhead, pursuant to Appendix A1.2) to Bonneville for reimbursement of the amount it has expended to implement this Agreement until Invoices (whether issued pursuant to this Appendix A1.4.1 or Appendix A1.4.2) for Payment Amounts in the aggregate totaling the Maximum Total Payment Obligation have been issued. ColumbiaGrid will 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 will show in any such Invoice Bonneville’s Payment Amount.

A1.4.2 Invoices Due to Extraordinary Circumstances. During the term of this Agreement, ColumbiaGrid may submit Invoices, in addition to Invoices pursuant to Appendix A1.4.1, in the extraordinary event that additional Payment Amounts are needed. Any Invoice submitted pursuant to this Appendix A1.4.2 will include an explanation of the reason why the Invoice is needed, including a description of the extraordinary circumstance.

A1.4.3 Cap on Bonneville’s Obligation. Notwithstanding any other provision of this Agreement, ColumbiaGrid will not at any time submit any Invoice to Bonneville for any Payment Amount that, together with Payment Amounts requested by prior Invoices to Bonneville, in the aggregate exceeds Bonneville’s Maximum Payor Obligation then in effect, as calculated and distributed by ColumbiaGrid. Notwithstanding any other provision of this Agreement, Bonneville will not be obligated at any time under this Agreement to provide any Payment Amount under Appendices A1.4.1 and A1.4.2 that, together with Payment Amounts requested by prior Invoices to Bonneville, in the aggregate exceeds Bonneville’s Maximum Payor Obligation then in effect, as calculated and distributed by ColumbiaGrid (plus any interest that Bonneville incurs pursuant to Appendix A1.4.4.3 as a result of late payments by Bonneville).

A1.4.4 Invoice and Payment Details

A1.4.4.1 Invoice Details. ColumbiaGrid will issue an Invoice to Bonneville as of the Effective Date. ColumbiaGrid will submit any Invoice in writing and delivered by U.S. mail and by e-mail to the person designated for Bonneville pursuant to Appendix B6.1. ColumbiaGrid will provide Bonneville with instructions for electronic funds transfer or wire transfer of funds in response to an Invoice.

A1.4.4.2 Payment Details. Bonneville will make its payment within 20 business days of receiving an Invoice by electronic funds transfer or wire transfer of immediately-available funds.

A1.4.4.3 Interest on Late Payment. Any Payment Amount not paid when due by Bonneville will 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.

A1.4.4.4 Quarterly Reports. By the 15th day of each quarter, ColumbiaGrid will provide Bonneville 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.

A1.4.4.5 Voluntary Advanced Payment Amount. Bonneville may pay to ColumbiaGrid all or a portion of its Payment Amount prior to ColumbiaGrid submitting an Invoice for such Payment Amount. At the time of any such advance payment, Bonneville will notify ColumbiaGrid that it is paying funds in advance of the Invoice. ColumbiaGrid will apply such advance payment as a credit against Bonneville's obligation to pay its Payment Amount in response to each subsequent Invoice until such advance payment is exhausted. ColumbiaGrid will report the remaining balance of any such advance payment in its quarterly report. ColumbiaGrid may, but will have no obligation to, pay interest with respect to any such advance payment.

A1.4.4.6 Over-Payment. If Bonneville provides funds in excess of those it is obligated to provide under this Agreement, ColumbiaGrid will refund to Bonneville its excess contribution within five business days of ColumbiaGrid's learning that the funds provided were in excess. ColumbiaGrid will provide Bonneville with written notice that it has issued a refund pursuant to this Appendix A1.4.4.6.

A1.5 Use of Funds

A1.5.1 General. ColumbiaGrid agrees that funds provided under this Agreement will be used only for purposes consistent with this Agreement. 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 will 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.

A2. Budgets

A2.1 ColumbiaGrid General Record-Keeping

ColumbiaGrid will 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, will make such records available upon request for inspection by Bonneville. ColumbiaGrid will comply with the then current record-retention policy of the Commission.

A2.2 Annual Financial Reporting

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

A2.3 Audit of ColumbiaGrid Records

Bonneville will have the right to conduct an audit of ColumbiaGrid's performance of its obligations to Bonneville under this Agreement; *provided that* Bonneville will pay for such audit. ColumbiaGrid will make its records, facilities, and personnel available to Bonneville during the conduct of any such audit. Bonneville will pay ColumbiaGrid's reasonable costs of complying with such audit request.

APPENDIX B – STANDARD PROVISIONS

B1. 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.

B1.1 Insurance; Waiver of Subrogation Rights

B1.1.1 ColumbiaGrid Insurance Coverage Requirements. Throughout the term of this Agreement, ColumbiaGrid will 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 Bonneville as of the Effective Date;
- (iii) provides general liability coverage limits in an amount approved in writing by Bonneville as of the Effective Date and separate errors and omission coverage limits in an amount approved in writing by Bonneville 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 will be bound by any waivers of the insurer's rights of subrogation granted by ColumbiaGrid.

B1.1.2 Waiver of Subrogation Rights. ColumbiaGrid hereby waives all rights of subrogation its insurer(s) may have against Bonneville.

B1.2 ColumbiaGrid's Obligation to Notify Bonneville with Respect to Insurance

ColumbiaGrid will not consent or allow that the insurance required under Appendix B1.1.1 above to be terminated, canceled, allowed to expire, or materially altered without providing at least 60 days' advance notice to Bonneville. ColumbiaGrid will notify Bonneville with the name, address, telephone number, facsimile number, and e-mail of all insurance brokers used by ColumbiaGrid.

B1.3 First Party Claims

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

B1.4 Third Person Claims

B1.4.1 In the event Third Person claims are made against any Party arising out of this Agreement or its performance, the Parties agree that:

B1.4.2 In the event of any such claim, the Party against which the Third Person claim is made will provide immediate notice to the other Party pursuant to Appendix B6.1 below. The Parties will make such immediate efforts as necessary to preserve evidence or protect against default judgment, and will provide notice to the other Party and to the broker identified pursuant to Appendix B1.2 above with respect to the insurance policy described in Appendix B1.1.1 above.

B1.4.3 Where a 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 Appendix B1.1.1 above will be regarded as primary with respect to payments or judgments resulting from any such claim or legal action. Payments will include reasonable attorneys' fees and costs of investigation and defense. To the extent of insurance coverage and the extent permitted by applicable law, ColumbiaGrid will indemnify, defend, and hold Bonneville 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 there from, 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 Appendix B1.4.3, "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.

B1.5 Limitation of Damages

As between ColumbiaGrid and Bonneville, each Party waives as against the other Party (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).

B2. Uncontrollable Force

A Party will 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 will 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 will (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 will 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 will not apply to strikes, lockouts, or labor disputes.

B3. Assignments and Conveyances

B3.1 Successors and Assigns

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

B3.2 Assignment of ColumbiaGrid's Rights and Obligations

ColumbiaGrid will not, without the prior written consent of Bonneville, 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 Appendix B3.2 will prohibit ColumbiaGrid from contracting with Third Persons for the provision of services to assist ColumbiaGrid in performing its obligations under this Agreement.

B3.3 Assignment of Bonneville's Rights and Obligations

Except as otherwise provided in Appendix B3.4, Bonneville will 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 Bonneville may, without the consent of ColumbiaGrid, assign its rights and obligations under this Agreement to any Person (i) into which Bonneville is merged or consolidated or (ii) to which Bonneville 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 Bonneville under this Agreement.

B3.4 Effect of Permitted Assignment

In the event of any permitted sale, transfer or assignment under this Agreement, the transferor or assignor will 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 will 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.

B3.5 Consent Not Unreasonably Denied or Delayed

Consents to assignment, pledge, or transfer requested pursuant to this Appendix B3 will not be unreasonably denied or delayed.

B4. Confidentiality Obligations

B4.1 Protection of Confidential Information

Parties seeking designation of Confidential Information will act in good faith when asserting the confidentiality of material. Each Party will 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 will 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 will 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 will choose one arbitrator who will sit on a three-member arbitration panel. The two arbitrators so chosen will within 20 days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators will be knowledgeable in electric industry matters, including electric transmission issues, and, unless otherwise agreed by the Parties to the dispute, will not have any current or past substantial business or financial relationships with any Party to the arbitration (except prior arbitration). The arbitrator(s) will provide each of the Parties an opportunity to be heard and will generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

B4.2 Protection of Critical Energy Infrastructure Information

If Bonneville designates information as “Critical Energy Infrastructure Information” as of the time of its furnishing, ColumbiaGrid will not post such information on the public portion of its Website. If any Person seeks information so designated as CEII, ColumbiaGrid will immediately notify Bonneville to seek its consent to release such information. If Bonneville does not consent, ColumbiaGrid will not release the CEII and will inform the Person seeking information of Bonneville’s decision. Further, if information designated by Bonneville as CEII is made part of a filing submitted by ColumbiaGrid with the Commission, ColumbiaGrid will take reasonable steps to ensure the protection of such information pursuant to the 18 C.F.R. § 388.112(b).

B4.3 Protection of Other Information

ColumbiaGrid will protect Other Information consistent with its contractual commitment, including its obligations with respect to assembling the Independent Review Panel and facilitating the Independent Review under this Agreement, relating to such Other Information. ColumbiaGrid will ensure that performance of the Independent Review is consistent with the requirements of this Appendix B4 and that the Independent Review Panel members have signed an appropriate confidentiality agreement or attestation document.

B4.4 Disclosure Pursuant to Statute or Administrative or Judicial Order

ColumbiaGrid will use reasonable efforts to maintain the confidentiality of all Confidential Information provided to it by Bonneville pursuant to this Agreement; *provided however* that ColumbiaGrid will 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. ColumbiaGrid will, 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 Bonneville of any such request. Bonneville may, in its sole discretion and at its sole cost and expense, undertake any challenge to such disclosure.

B4.5 Third Person Access to ColumbiaGrid Data and Analysis

To the extent applicable under this Agreement, ColumbiaGrid will 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 will 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, will make clear that any such data or analysis is not warranted by ColumbiaGrid or Bonneville and that neither ColumbiaGrid nor Bonneville 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 will require, through electronic means or otherwise, that Third Persons receiving any such data or analysis from ColumbiaGrid signify agreement with the foregoing.

B5. Effective Date

B5.1 Original Parties

Except as provided in Appendix B5.2, this Agreement will become effective on September 14, 2016.

B5.2 Subsequent Parties

With respect to any Qualified Person who executes this Agreement after the Effective Date established pursuant to Appendix B5.1, this Agreement will 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. Miscellaneous

B6.1 Notices

B6.1.1 Permitted Methods of Notice. Any notice, demand, or request in accordance with this Agreement, unless otherwise provided in this Agreement, will be in writing and will 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.

ColumbiaGrid
8338 NE Alderwood Road
Suite 140
Portland, OR 97220
Attn: Patrick J. Damiano, President and CEO

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

B6.1.2 Change of Notice Address. A Party may at any time, by notice to the other Party, change the designation or address of the person specified to receive notice on its behalf.

B6.1.3 Routine Notices. Any notice of a routine character in connection with this Agreement will be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this Agreement.

B6.2 Amendment or Modification

This Agreement may not be amended or modified except by any subsequent mutual written agreement, duly executed by the Parties. 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 will 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.

B6.3 Construction of Agreement

Ambiguities or uncertainties in the wording of this Agreement will not be construed for or against any Party, but will 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.

B6.4 Existing Agreements Preserved

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

B6.5 Governing Law

The Agreement will be governed by and construed in accordance with Federal law without reference to conflicts of law among the several states. To the degree that no Federal law applies, the Agreement will be governed by and construed in accordance with the laws of the state of Washington without regard to such state's conflicts of law rules.

B6.6 Equitable Relief

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

B6.7 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" will be deemed to be disjunctive but not necessarily exclusive. References to "including," "include," and "includes" will be deemed to mean "including but not limited to," "include but not limited to," and "includes but not limited to," respectively.

B6.8 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.

B6.9 Relationship of the Parties

B6.9.1 No Partnership, Etc. Nothing contained in this Agreement will 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 will be individually responsible for its own covenants, obligations, and liabilities under this Agreement.

B6.9.2 Rights Several. All rights of the Parties are several, not joint. Except as may be expressly provided in this Agreement, no Party will have a right or power to bind the other Party without such other Party's express written consent.

B6.10 No Third Person Beneficiaries

This Agreement will 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.

B6.11 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, will 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 will not constitute or be deemed a waiver.

B6.12 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.

B6.13 Counterparts

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

B6.14 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.

B6.15 Other Reports

ColumbiaGrid may, upon reasonable notice to Bonneville, request that Bonneville provide ColumbiaGrid with such other information or reports as ColumbiaGrid may reasonably deem necessary for its performance of this Agreement. Bonneville will endeavor to 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.

B7. Standards of ColumbiaGrid Performance

ColumbiaGrid will carry out its obligations under this Agreement in an efficient, expeditious, professional, and skillful manner. In providing services to Bonneville under this Agreement, ColumbiaGrid will 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 Bonneville with respect to ColumbiaGrid's provision of services under this Agreement).

B8. Authorization for ColumbiaGrid to Perform Obligations Under this Agreement

Bonneville agrees 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 Bonneville, in any activity reasonably necessary to perform its obligations under this Agreement, including the hiring of contractors or consultants.

APPENDIX C – COLUMBIAGRID’S DUTIES

C1. ASSEMBLE AN INDEPENDENT REVIEW PANEL

C1.1 Assemble an Independent Review Panel.

ColumbiaGrid will assemble an Independent Review Panel to perform the Independent Review defined under this Agreement. ColumbiaGrid will select panelists and secure commitments from those panelists to participate in the Independent Review. It is a condition precedent of this Agreement that a sufficient number of panelists, and with sufficient expertise, be available, and willing to participate, in order for ColumbiaGrid to be able to assemble an Independent Review Panel.

C1.2 Independent Review Panel Criteria.

In its selection of the panelists to form the Independent Review Panel, ColumbiaGrid will ensure, as a whole, that the Independent Review Panel possesses the technical knowledge and expertise necessary to competently perform the Independent Review. ColumbiaGrid may consider, among other qualifications, including panelists with reasonable independence, knowledge and experience in planning transmission system reinforcements, generation re-dispatch, demand response programs, power flow control devices, and/or experience with the application of Remedial Action Schemes for addressing reliability issues; provided, however, that the Independent Review Panel will include transmission expertise pertaining to transmission system(s) in the United States yet outside of the Western Interconnection.

C2. FACILITATE INDEPENDENT REVIEW PANEL’S ACTIVITIES

C2.1 Host Meetings.

ColumbiaGrid will host at least two (2) in-person meetings at ColumbiaGrid’s offices to facilitate the Independent Review and to present results. The first meeting will function as a kick-off meeting during which Bonneville will provide the Independent Review Panel, and other participants as specified in this Agreement, with a detailed presentation, which Bonneville will also provide to ColumbiaGrid and the Independent Review Panel in electronic format, of the 2016 South of Allston Analyses. ColumbiaGrid will host the final meeting for the Independent Review Panel to provide a briefing on the results of the Independent Review and Independent Review Report to Bonneville and the Regional Transmission Review Group. ColumbiaGrid will host additional meetings, as needed, to facilitate the Independent Review and preparation of the Independent Review Report. Meetings will be closed, except for representatives of ColumbiaGrid, Bonneville, representatives of the Regional Transmission Review Group participants, the Independent Review Panel, and any of ColumbiaGrid’s Members not included in one of the other groups listed above.

C2.2 Facilitation.

ColumbiaGrid will facilitate the Independent Review Panel, the Independent Review, and the Independent Review Report.

C3. INDEPENDENT REVIEW REPORT

As defined in Sections D1.1 and D1.8, the Independent Review includes independent discovery and qualitative review of the 2016 South of Allston Analyses, which can generally be categorized as follows: 1) study assumptions, study inputs, study methodologies, and study scenarios; 2) study results and needs assessments; 3) transmission reinforcement options inclusive of the South of Allston Reinforcement Project; and 4) non-transmission alternatives. The parties understand and acknowledge that each of these general categories are interrelated and, as such, the content of the Independent Review Report will depend on the results of the review of each of these individual general categories.

C3.1 Prepare Draft Independent Review Report.

ColumbiaGrid, in consultation with, and with input from, the Independent Review Panel, will prepare, and provide to Bonneville, a preliminary Independent Review Report. A purpose of presenting the preliminary Independent Review Report to Bonneville is to provide Bonneville with an opportunity to inquire of ColumbiaGrid and the Independent Review Panel and to respond to inquiries by ColumbiaGrid and the Independent Review Panel pertaining to the Independent Review and preliminary Independent Review Report. ColumbiaGrid will provide the preliminary Independent Review Report to Bonneville no later than December 15, 2016.

C3.2 Prepare Final Independent Review Report.

ColumbiaGrid, in consultation with the Independent Review Panel, will prepare a final written Independent Review Report, which includes an Executive Summary, based on the preliminary report discussed in Appendix C3.1, and which incorporates modifications and suggestions received from Bonneville or the Regional Transmission Review Group, if any, pertaining to the preliminary Independent Review Report. ColumbiaGrid will deliver the Independent Review Report to Bonneville no later than December 31, 2016, and will post the final Independent Review Report on the publicly accessible portion of ColumbiaGrid's website, consistent with the confidentiality obligations in Appendix B, section B4, so that the report will be available to the public, including any Interested Person.

C4. PROVIDE BIWEEKLY UPDATES

ColumbiaGrid will provide a bi-weekly update to Bonneville, via e-mail or telephone conversation, on the status of the Independent Review.

C5. LIMITATIONS ON INDEPENDENT REVIEW AND INDEPENDENT REVIEW REPORT

In performing the Independent Review and in preparing the Independent Review Report, ColumbiaGrid and the Independent Review Panel will not assess whether Bonneville's 2016 South of Allston Analyses are consistent with Good Utility Practice or whether the proposed

South of Allston Reinforcement Project is the most cost effective or most efficient solution to the identified transmission needs in the 2016 South of Allston Analyses.

APPENDIX D - 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.

D1.1 “2016 South of Allston Analyses” means Bonneville’s 2016 volume of work (including the study assumptions, study inputs, study methodologies, the relevant power flow base cases, study scenarios, study results, needs assessments, transmission reinforcement options inclusive of the South of Allston Reinforcement Project, and non-transmission alternatives) pertaining to the transmission reliability analyses of the proposed South of Allston Reinforcement Project reviewed by the Regional Transmission Review Group.

D1.2 “Bylaws” means the then-current bylaws of ColumbiaGrid.

D1.3 “Commission” means the Federal Energy Regulatory Commission or any successor entity.

D1.4 “Confidential Information” will 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 will 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 (except that information shared as a function of the Independent Review by members of the Independent Review Panel and the Transmission Planning Group is Confidential Information under this Agreement); (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.

D1.5 “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.

D1.6 “Effective Date” means the date this Agreement becomes effective as set out in Appendix B5.

D1.7 “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.

D1.8 “Independent Review” means the independent discovery and qualitative review that the Independent Review Panel, facilitated by ColumbiaGrid, will perform with respect to the 2016 South of Allston Analyses.

D1.9 “Independent Review Panel” means an independent panel of industry experts selected by ColumbiaGrid in accordance with the terms of this Agreement for the purposes of performing the Independent Review work. The Independent Review Panel will be made up of at least three (3) and no more than five (5) members, excluding ColumbiaGrid Staff, and at least one (1) member will have transmission expertise regarding a transmission system(s) in the United States but outside of the Western Interconnection.

D1.10 “Independent Review Report” means the report described in Appendix C3 and which will be posted and publicly available on ColumbiaGrid’s website. Such report will not disclose any information that is Critical Energy Infrastructure Information, Confidential Information, or Other Information.

D1.11 “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 Bylaws.

D1.12 “Invoice” means an invoice submitted by ColumbiaGrid to all Payors pursuant to Appendix A1.4.

D1.13 “Maximum Payor Obligation” for each Payor means the maximum total of Payment Amounts such Payor is obligated to pay under Appendix A1.3 of this Agreement.

D1.14 “Maximum Total Payment Obligation” or “MTPO” means the maximum total of Payment Amounts (specifically excluding any interest any Payor is obligated to pay under Appendix A1.1 due to such Payor’s failure to pay its Payment Amount when due), which maximum total, for each Payment Cycle, is the sum to be provided to ColumbiaGrid by the Payor. The Maximum Total Payment Obligation equals [REDACTED]

D1.15 “Other Information” means information that ColumbiaGrid has contractually committed to protect.

D1.16 “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).

D1.17 “Party” means a signatory to this Agreement.

D1.18 “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 Appendix A1.3 in response to an Invoice.

D1.19 “Payment Cycle” means the period of ColumbiaGrid’s services under this Agreement commencing on the Effective Date and continuing until February 28, 2017.

D1.20 “Payor” means Bonneville as the Party seeking ColumbiaGrid’s facilitation services.

D1.21 “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.

D1.22 “Regional Interconnected Systems” or “RIS” means the interconnected transmission systems in the Pacific Northwest.

D1.23 “Regional Transmission Review Group” means the transmission-owning electric utilities that may be impacted by the South of Allston Reinforcement Project and that Bonneville engaged as a peer review group for the South of Allston Reinforcement Project. The group has been comprised of representatives of Bonneville Power Administration, Puget Sound Energy, Inc., the City of Tacoma, Department of Public Utilities, Light Division, PacifiCorp, Portland General Electric Company and the City of Seattle, City Light Division.

D1.24 “South of Allston Reinforcement Project” means a potential reinforcement project that has been studied by Bonneville to reinforce the South of Allston path capability of transferring 3,000 MW. The proposed reinforcement project is intended to reduce the impact of line outages and transformer outages that can decrease the path capability by several hundred megawatts. The South of Allston path includes one 500 kV line (BPA Allston – Keeler), three 230 kV lines (BPA Lexington-Ross, PGE Trojan – St. Marys, PGE Trojan – Rivergate), and four 115 kV lines, providing a power feed from the north into the Portland metropolitan area.

D1.25 “Third Person” means any Person other than a Party.

D1.26 “Transmission System” means the transmission facilities in the Pacific Northwest owned or operated by Bonneville.

D1.27 “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 will not constitute an Uncontrollable Force under this Agreement.