

ATTACHMENT M
The Southeastern Regional Transmission Planning Process

The Transmission Provider participates in the Southeastern Regional Transmission Planning Process (“SERTP”) described herein and on the Regional Planning Website, a link to which is found on the Transmission Provider’s OASIS. The other transmission providers and owners that participate in this Southeastern Regional Transmission Planning Process are identified on the Regional Planning Website (“Sponsors”).¹ This Southeastern Regional Transmission Planning Process provides a coordinated, open and transparent planning process between the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers and other interested parties, including the coordination of such planning with interconnected systems within the region, to ensure that the Transmission System is planned to meet the needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. The Transmission Provider’s coordinated, open and transparent planning process is hereby provided in this Attachment M, with additional materials provided on the Regional Planning Website.

¹ The Transmission Provider notes that while this Attachment M discusses the Transmission Provider largely effectuating the activities of the Southeastern Regional Transmission Planning Process that are discussed herein, the Transmission Provider expects that the other Sponsors will also sponsor those activities. For example, while this Attachment M discusses the Transmission Provider hosting the Annual Transmission Planning Meetings, the Transmission Provider expects that it will be co-hosting such meetings with the other Sponsors. Accordingly, many of the duties described herein as being performed by the Transmission Provider may be performed in conjunction with one or more other Sponsors or may be performed entirely by one or more other Sponsors. Likewise, while this Attachment M discusses the transmission expansion plan of the Transmission Provider, the Transmission Provider expects that transmission expansion plans of the other Sponsors shall also be discussed, particularly since, at times, a single transmission expansion plan may be common to all Sponsors. To the extent that this Attachment M makes statements that might be construed to imply establishing duties or obligations upon other Sponsors, no such duty or obligation is intended. Rather, such statements are intended to only mean that it is the Transmission Provider’s expectation that other Sponsors will engage in such activities. Accordingly, this Attachment M only establishes the duties and obligations of the Transmission Provider and the means by which Stakeholders may interact with the Transmission Provider through the Southeastern Regional Transmission Planning Process described herein.

Local Transmission Planning

The Transmission Provider has established the SERTP as its coordinated, open and transparent planning process with its Network and Firm Point-to-Point Transmission Customers and other interested parties to ensure that the Transmission System is planned to meet the needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and not unduly discriminatory basis. The Transmission Provider plans its transmission system to reliably meet the needs of transmission customers in its service territory on a least-cost, reliable basis in accordance with applicable requirements of federal and state public utility laws and regulations. In accordance with the foregoing, its contractual requirements, and the requirements of NERC Reliability Standards, the Transmission Provider conducts comprehensive reliability assessments and thoroughly coordinates with neighboring and/or affected transmission providers.

As provided below, through its participation in the SERTP, the Transmission Provider's local planning process satisfies the following nine principles, as defined in Order No. 890: coordination, openness, transparency, information exchange, comparability,² dispute resolution, regional participation, economic planning studies, and cost allocation for new projects. This planning process also addresses at Section 9 the requirement to provide a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This planning process also includes at Section 10 the procedures and mechanisms for considering transmission needs driven by Public Policy Requirements consistent with Order No. 1000. As provided below, the SERTP includes sufficient detail to enable Transmission Customers to understand:

² The Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment M but instead permeates the Southeastern Regional Transmission Process described in this Attachment M.

- (i) The process for consulting with customers for Attachment M purposes, which is set forth in Section 1 of this Attachment M;
- (ii) The notice procedures and anticipated frequency of meetings; which is set forth in Sections 1 and 2 of this Attachment M;
- (iii) The Transmission Provider’s transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (iv) The method of disclosure of transmission planning criteria, assumptions and underlying data; which is set forth in Sections 2 and 3 of this Attachment M;
- (v) The obligations of and methods for Transmission Customers to submit data to the Transmission Provider, which is set forth in Section 4 of this Attachment M;
- (vi) The dispute resolution process; which is set forth in Section 5 of this Attachment M;
- (vii) The Transmission Provider’s study procedures for economic upgrades to address congestion or the integration of new resources, which is set forth in Section 7 of this Attachment M;
- (viii) The Transmission Provider’s procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 10 of this Attachment M; and
- (ix) The relevant cost allocation method or methods, which is set forth in Section 8 of this Attachment M.

Regional Transmission Planning

The Transmission Provider participates in the SERTP through which transmission facilities and non-transmission alternatives may be proposed and evaluated. This regional

transmission planning process develops a regional transmission plan that identifies the transmission facilities necessary to meet the needs of transmission providers and transmission customers in the transmission planning region for purposes of Order No. 1000. This regional transmission planning process is consistent with the provision of Commission-jurisdictional services at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential, as described in Order No. 1000.

This regional transmission planning process satisfies the following seven principles, as set out and explained in Order Nos. 890 and 1000: coordination, openness, transparency, information exchange, comparability,³ dispute resolution, and economic planning studies. This regional transmission planning process includes at Section 10 the procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000. This regional transmission planning process provides at Section 9 a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This regional transmission planning process includes at Section 12 a clear enrollment process for public and non-public utility transmission providers that make the choice to become part of a transmission planning region. This regional transmission planning process subjects enrollees to cost allocation if they are found to be beneficiaries of new transmission facilities selected in the regional transmission plan for purposes of cost allocation. The list of enrolled entities to the SERTP is found at Exhibit III to this Attachment M. The relevant cost allocation method or methods that satisfy the six regional cost allocation principles set forth in Order No. 1000 are described in Sections 16-17 of this Attachment M. Nothing in this regional transmission

³ The Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment M but instead permeates the Southeastern Regional Transmission Process described in this Attachment M.

planning process includes an unduly discriminatory or preferential process for transmission project submission and selection. As provided below, the SERTP includes sufficient detail to enable Transmission Customers to understand:

- (i) The process for enrollment and terminating enrollment in the SERTP, which is set forth in Section 12 of this Attachment M;
- (ii) The process for consulting with customers, which is set forth in Section 1 of this Attachment M;
- (iii) The notice procedures and anticipated frequency of meetings, which is set forth in Sections 1 and 2 of this Attachment M;
- (iv) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (v) The method of disclosure of transmission planning criteria, assumptions and underlying data, which is set forth in Sections 2 and 3 of this Attachment M;
- (vi) The obligations of and methods for transmission customers to submit data, which are set forth in Section 4 of this Attachment M;
- (vii) The process for submission of data by nonincumbent developers of transmission projects that wish to participate in the transmission planning process and seek regional cost allocation for purposes of Order No. 1000, which is set forth in Sections 13-21 of this Attachment M;
- (viii) The process for submission of data by merchant transmission developers that wish to participate in the transmission planning process, which is set forth in Section 11 of this Attachment M;

- (ix) The dispute resolution process, which is set forth in Section 5 of this Attachment M;
- (x) The study procedures for economic upgrades to address congestion or the integration of new resources, which is set forth in Section 7 of this Attachment M;
- (xi) The procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 10 of this Attachment M; and
- (xii) The relevant cost allocation method or methods satisfying the six regional cost allocation principles set forth in Order No. 1000, which is set forth at Section 17.

ORDER NO. 890 TRANSMISSION PLANNING PRINCIPLES

1. Coordination

1.1 General: The Southeastern Regional Transmission Planning Process is designed to eliminate the potential for undue discrimination in planning by establishing appropriate lines of communication between the Transmission Provider, its transmission-providing neighbors, affected state authorities, Transmission Customers, and other Stakeholders regarding transmission planning issues.

1.2 Meeting Structure: Each calendar year, the Southeastern Regional Transmission Planning Process will generally conduct and facilitate four (4) meetings (“Annual Transmission Planning Meetings”) that are open to all Stakeholders. However, the number of Annual Transmission Planning Meetings, or duration of any particular meeting, may be adjusted by announcement upon the Regional Planning Website, provided that any decision to reduce the number of Annual Transmission Planning Meetings must first be approved by the Sponsors and by the Regional Planning Stakeholders’ Group (“RPSG”). These meetings can be

done in person, through phone conferences, or through other telecommunications or technical means that may be available. The details regarding any such meeting will be posted on the Regional Planning Website, with a projected meeting schedule for a calendar year being posted on the Regional Planning Website on or before December 31st of the prior calendar year, with firm dates for all Annual Transmission Planning Meetings being posted at least 60 calendar days prior to a particular meeting. The general structure and purpose of these four (4) meetings will be as follows:

1.2.1 First RPSG Meeting and Interactive Training Session: At this meeting, which will be held in the first quarter of each calendar year, the RPSG will be formed for purposes of that year. In addition, the Transmission Provider will meet with the RPSG and any other interested Stakeholders for the purposes of allowing the RPSG to select up to five (5) Stakeholder requested Economic Planning Studies that they would like to have studied by the Transmission Provider and the Sponsors. At this meeting, the Transmission Provider will work with the RPSG to assist the RPSG in formulating these Economic Planning Study requests. Requests that are inter-regional in nature will be addressed in the Southeast Inter-Regional Participation Process. The Transmission Provider will also conduct an interactive training session regarding its transmission planning for all interested Stakeholders. This session will explain and discuss the underlying methodology and criteria that will be utilized to develop the

transmission expansion plan⁴ before that methodology and criteria are finalized for purposes of the development of that year's transmission expansion plan (*i.e.*, the expansion plan that will be implemented the following calendar year).⁵ Stakeholders may submit comments to the Transmission Provider regarding the Transmission Provider's criteria and methodology during the discussion at the meeting or within ten (10) business days after the meeting, and the Transmission Provider will consider such comments. Depending upon the major transmission planning issues presented at that time, the Transmission Provider will provide various technical experts that will lead the discussion of pertinent transmission planning topics, respond to Stakeholder questions, and provide technical guidance regarding transmission planning matters. It is foreseeable that it may prove appropriate to shorten the training sessions as Stakeholders become increasingly knowledgeable regarding the Transmission Provider's transmission planning process and no longer need detailed training in this regard.

⁴ As indicated *infra* at footnote 1, references in this Attachment M to a transmission "plan," "planning," or "plans" should be construed in the singular or plural as may be appropriate in a particular instance. Likewise, the reference to a plan or plans may, depending upon the circumstance, be a reference to a regional transmission plan required for purposes of Order No. 1000. Moreover, the iterative nature of transmission planning bears emphasis, with underlying assumptions, needs, and data inputs continually changing to reflect market decisions, load service requirements, and other developments. A transmission plan, thus, only represents the status of transmission planning when the plan was prepared.

⁵ A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is implemented the following calendar year. For example, the transmission expansion plan developed during 2009 and presented at the 2009 Annual Transmission Planning Summit is for the 2010 calendar year.

The Transmission Provider will also address transmission planning issues that the Stakeholders may raise.

1.2.2 Preliminary Expansion Plan Meeting: During the second quarter of each calendar year, the Transmission Provider will meet with all interested Stakeholders to explain and discuss: the Transmission Provider’s preliminary transmission expansion plan, which is also input into that year’s SERC (or other applicable NERC region’s) regional model; internal model updating and any other then-current coordination study activities with the transmission providers in the Florida Reliability Coordinating Council (“FRCC”); and any *ad hoc* coordination study activities that might be occurring. These preliminary transmission expansion plan, internal model updating, and coordination study activities will be described to the Stakeholders, with this meeting providing them an opportunity to supply their input and feedback, including the transmission plan/enhancement alternatives that the Stakeholders would like the Transmission Provider and the Sponsors to consider. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise and otherwise discuss with Stakeholders developments as part of the SERC (or other applicable NERC region’s) reliability assessment process.

1.2.3 Second RPSG Meeting: During the third quarter of each calendar year, the Transmission Provider will meet with the RPSG and any other interested Stakeholders to report the preliminary results for the Economic

Planning Studies requested by the RPSG at the First RPSG Meeting and Interactive Training Session. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. This meeting will give the RPSG an opportunity to provide input and feedback regarding those preliminary results, including alternatives for possible transmission solutions that have been identified. At this meeting, the Transmission Provider shall provide feedback to the Stakeholders regarding transmission expansion plan alternatives that the Stakeholders may have provided at the Preliminary Expansion Plan Meeting, or within a designated time following that meeting. The Transmission Provider will also discuss with the Stakeholders the results of the SERC (or other applicable NERC region's) regional model development for that year (with the Transmission Provider's input into that model being its ten (10) year transmission expansion plan); any on-going coordination study activities with the FRCC transmission providers; and any *ad hoc* coordination study activities. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise.

- 1.2.4 Annual Transmission Planning Summit and Assumptions Input Meeting:** During the fourth quarter of each calendar year, the Transmission Provider will host the annual Transmission Planning Summit and Assumptions Input Meeting.

1.2.4.1 Annual Transmission Planning Summit: At the Annual Transmission Planning Summit aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will present the final results for the Economic Planning Studies. The results for such studies that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. The Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination study activities. The Transmission Provider will also provide an overview of the regional transmission plan for Order No. 1000 purposes, which should include the ten (10) year transmission expansion plan of the Transmission Provider. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise.

1.2.4.2 Assumptions Input Session: The Assumptions Input Session aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting will take place following the annual Transmission Planning Summit and will provide an open forum for discussion with, and input from, the Stakeholders regarding:

the data gathering and transmission model assumptions that will be used for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan, which includes the Transmission Provider's input, to the extent applicable, into that year's SERC regional model development; internal model updating and any other then-current coordination study activities with the transmission providers in the Florida Reliability Coordinating Council ("FRCC"); and any *ad hoc* coordination study activities that might be occurring. This meeting may also serve to address miscellaneous transmission planning issues, such as reviewing the previous year's regional planning process, and to address specific transmission planning issues that may be raised by Stakeholders.

- 1.3 Committee Structure – the RPSG:** To facilitate focused interactions and dialogue between the Transmission Provider and the Stakeholders regarding transmission planning, and to facilitate the development of the Economic Planning Studies, the RPSG was formed in March 2007. The RPSG has two primary purposes. First, the RPSG is charged with determining and proposing up to five (5) Economic Planning Studies on an annual basis and should consider clustering similar Economic Planning Study requests. The RPSG is also encouraged to coordinate with stakeholder groups in the area covered by the Southeast Inter-Regional Participation Process regarding requests for Economic Planning Studies that are inter-regional in nature. Second, the RPSG serves as the

representative in interactions with the Transmission Provider and Sponsors for the eight (8) industry sectors identified below.

1.3.1 RPSG Sector Representation: The Stakeholders are organized into the following eight (8) sectors for voting purposes within the RPSG:

- (1) Transmission Owners/Operators⁶
- (2) Transmission Service Customers
- (3) Cooperative Utilities
- (4) Municipal Utilities
- (5) Power Marketers
- (6) Generation Owners/Developers
- (7) ISO/RTOs
- (8) Demand Side Management/Demand Side Response

1.3.2 Sector Representation Requirements: Representation within each sector is limited to two members, with the total membership within the RPSG being capped at 16 members (“Sector Members”). The Sector Members, each of whom must be a Stakeholder, are elected by Stakeholders, as discussed below. A single company, and all of its affiliates, subsidiaries, and parent company, is limited to participating in a single sector.

⁶ The Sponsors will not have a vote within the Transmission Owners/Operators sector, although they (or their affiliates, subsidiaries or parent company) shall have the right to participate in other sectors.

1.3.3 Annual Reformulation: The RPSG will be reformed annually at each First RPSG Meeting and Interactive Training Session discussed in Section 1.2.1. Specifically, the Sector Members will be elected for a term of approximately one year that will terminate upon the convening of the following year's First RPSG Meeting and Interactive Training Session. Sector Members shall be elected by the Stakeholders physically present at the First RPSG Meeting and Interactive Training Session (voting by sector for the respective Sector Members). If elected, Sector Members may serve consecutive, one-year terms, and there is no limit on the number of terms that a Sector Member may serve.

1.3.4 Simple Majority Voting: RPSG decision-making that will be recognized by the Transmission Provider for purposes of this Attachment M shall be those authorized by a simple majority vote by the then-current Sector Members, with voting by proxy being permitted for a Sector Member that is unable to attend a particular meeting. The Transmission Provider will notify the RPSG of the matters upon which an RPSG vote is required and will use reasonable efforts to identify upon the Regional Planning Website the matters for which an RPSG decision by simple majority vote is required prior to the vote, recognizing that developments might occur at a particular Annual Transmission Planning Meeting for which an RPSG vote is required but that could not be reasonably

foreseen in advance. If the RPSG is unable to achieve a majority vote, or should the RPSG miss any of the deadlines prescribed herein or clearly identified on the Regional Planning Website and/or at a particular meeting to take any action, then the Transmission Provider will be relieved of any obligation that is associated with such RPSG action.

1.3.5 RPSG Guidelines/Protocols: The RPSG is a self-governing entity subject to the following requirements that may not be altered absent an appropriate filing with the Commission to amend this aspect of the Tariff: (i) the RPSG shall consist of the above-specified eight (8) sectors; (ii) each company, its affiliates, subsidiaries, and parent company, may only participate in a single sector; (iii) the RPSG shall be reformed annually, with the Sector Members serving terms of a single year; and (iv) RPSG decision-making shall be by a simple majority vote (*i.e.*, more than 50%) by the Sector Members, with voting by written proxy being recognized for a Sector Member unable to attend a particular meeting. There are no formal incorporating documents for the RPSG, nor are there formal agreements between the RPSG and the Transmission Provider. As a self-governing entity, to the extent that the RPSG desires to adopt other internal rules and/or protocols, or establish subcommittees or other structures, it may do so provided that any such rule, protocol, etc., does not conflict with

or otherwise impede the foregoing requirements or other aspects of the Tariff. Any such additional action by the RPSG shall not impose additional burdens upon the Transmission Provider unless it agrees in advance to such in writing, and the costs of any such action shall not be borne or otherwise imposed upon the Transmission Provider unless the Transmission Provider agrees in advance to such in writing.

1.4 The Role of the Transmission Provider in Coordinating the Activities of the Southeastern Regional Transmission Planning Process Meetings and of the Functions of the RPSG: The Transmission Provider will host and conduct the above-described Annual Transmission Planning Meetings with Stakeholders.⁷

1.5 Procedures Used to Notice Meetings and Other Planning-Related Communications: Meetings notices, data, stakeholder questions, reports, announcements, registration for inclusion in distribution lists, means for being certified to receive Critical Energy Infrastructure Information (“CEII”), and other transmission planning-related information will be posted on the Regional Planning Website. Stakeholders will also be provided notice regarding the annual meetings by e-mail messages (if they have appropriately registered on the Regional Planning Website to be so notified). Accordingly, interested Stakeholders may register on the Regional Planning Website to be included in e-mail distribution lists (“Registered Stakeholder”). For purposes of clarification, a

⁷ As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

Stakeholder does not have to have received certification to access CEII in order to be a Registered Stakeholder.

1.6 Procedures to Obtain CEII Information: For access to information considered to be CEII, there will be a password protected area that contains such CEII information. Any Stakeholder may seek certification to have access to this CEII data area.

1.7 The Regional Planning Website: The Regional Planning Website will contain information regarding the Southeastern Regional Transmission Planning Process, including:

- Notice procedures and e-mail addresses for contacting the Sponsors and for questions;
- A calendar of meetings and other significant events, such as release of draft reports, final reports, data, etc.;
- A registration page that allows Stakeholders to register to be placed upon an e-mail distribution list to receive meetings notices and other announcements electronically; and
- The form in which meetings will occur (*i.e.*, in person, teleconference, webinar, *etc.*).

2. Openness

2.1 General: The Annual Transmission Planning Meetings, whether consisting of in-person meetings, conference calls, or other communicative mediums, will be open to all Stakeholders. The Regional Planning Website will provide announcements of upcoming events, with Stakeholders being notified regarding the Annual Transmission Planning Meetings by such postings. In addition, Registered Stakeholders will also be notified by e-mail messages. Should any of the Annual Transmission Planning Meetings become too large or otherwise become

unmanageable for the intended purpose(s), smaller breakout meetings may be utilized.

2.2 Links to OASIS: In addition to open meetings, the publicly available information, CEII-secured information (the latter of which is available to any Stakeholder certified to receive CEII), and certain confidential non-CEII information (as set forth below) shall be made available on the Regional Planning Website, a link to which is found on the Transmission Provider's OASIS website, so as to further facilitate the availability of this transmission planning information on an open and comparable basis.

2.3 CEII Information

2.3.1 Criteria and Description of CEII: The Commission has defined CEII as being specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

1. Relates details about the production, generation, transmission, or distribution of energy;
2. Could be useful to a person planning an attack on critical infrastructure;
3. Is exempt from mandatory disclosure under the Freedom of Information Act; and
4. Does not simply give the general location of the critical infrastructure.

2.3.2 Secured Access to CEII Data: The Regional Planning Website will have a secured area containing the CEII data involved in the Southeastern Regional Transmission Planning Process that will be password accessible to Stakeholders that have been certified to be eligible to receive CEII data.

For CEII data involved in the Southeastern Regional Transmission Planning Process that did not originate with the Transmission Provider, the duty is incumbent upon the entity that submitted the CEII data to have clearly marked it as CEII.

2.3.3 CEII Certification: In order for a Stakeholder to be certified and be eligible for access to the CEII data involved in the Southeastern Regional Transmission Planning Process, the Stakeholder must follow the CEII certification procedures posted on the Regional Planning Website (*e.g.*, authorize background checks and execute the SERTP CEII Confidentiality Agreement posted on the Regional Planning Website). The Transmission Provider reserves the discretionary right to waive the certification process, in whole or in part, for anyone that the Transmission Provider deems appropriate to receive CEII information. The Transmission Provider also reserves the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the dispute resolution procedures of Section 5.

2.3.4 Discussions of CEII Data at the Annual Transmission Planning Meetings: While the Annual Transmission Planning Meetings are open to all Stakeholders, if CEII information is to be discussed during a portion of such a meeting, those discussions will be limited to being only with those Stakeholders who have been certified eligible to have access to CEII information, with the Transmission Provider reserving the discretionary

right at such meeting to certify a Stakeholder as being eligible if the Transmission Provider deems it appropriate to do so.

2.4 Other Sponsor- and Stakeholder- Submitted Confidential Information: The other Sponsors and Stakeholders that provide information to the Transmission Provider that foreseeably could implicate transmission planning should expect that such information will be made publicly available on the Regional Planning Website or may otherwise be provided to Stakeholders in accordance with the terms of this Attachment M. Should another Sponsor or Stakeholder consider any such information to be CEII, it shall clearly mark that information as CEII and bring that classification to the Transmission Provider's attention at, or prior to, submittal. Should another Sponsor or Stakeholder consider any information to be submitted to the Transmission Provider to otherwise be confidential (*e.g.*, competitively sensitive), it shall clearly mark that information as such and notify the Transmission Provider in writing at, or prior to, submittal, recognizing that any such designation shall not result in any material delay in the development of the transmission expansion plan or any other transmission plan that the Transmission Provider (in whole or in part) is required to produce.

2.5 Procedures to Obtain Confidential Non-CEII Information

2.5.1 The Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff, the requirements of (and/or agreements with) NERC, the requirements of (and/or agreements with) SERC or other applicable NERC region, the provisions of any agreements with the other Sponsors

and/or with the sponsors of the Southeast Inter-Regional Participation Process (“SIRPP”), and/or in accordance with any other contractual or legal confidentiality requirements.

2.5.2 [RESERVED]

2.5.3 [RESERVED]

2.5.4 Without limiting the applicability of Section 2.5.1, to the extent competitively sensitive and/or otherwise confidential information (other than information that is confidential solely due to its being CEII) is provided in the transmission planning process and is needed to participate in the transmission planning process and to replicate transmission planning studies, it will be made available to those Stakeholders who have executed the SERTP Non-CEII Confidentiality Agreement (which agreement is posted on the Regional Planning Website). Importantly, if information should prove to contain both competitively sensitive/otherwise confidential information and CEII, then the requirements of both Section 2.3 and Section 2.5 would apply.

2.5.5 Other transmission planning information shall be posted on the Regional Planning Website and may be password protected, as appropriate.

3. Transparency

3.1 General: Through the Annual Transmission Planning Meetings and postings made on the Regional Planning Website, the Transmission Provider will disclose to its Transmission Customers and other Stakeholders the basic criteria, assumptions, and data that underlie its transmission system plan, as well as

information regarding the status of upgrades identified in the transmission plan.

The process for notifying stakeholders of changes or updates in the data bases used for transmission planning shall be through the Annual Transmission Planning Meetings and/or by postings on the Regional Planning Website.

3.2 The Availability of the Basic Methodology, Criteria, and Process the

Transmission Provider Uses to Develop its Transmission Plan: In an effort to enable Stakeholders to replicate the results of the Transmission Provider's transmission planning studies, and thereby reduce the incidences of after-the-fact disputes regarding whether transmission planning has been conducted in an unduly discriminatory fashion, the Transmission Provider will provide the following information, or links thereto, on the Regional Planning Website:

- (1) The Electric Reliability Organization and Regional Entity reliability standards that the Transmission Provider utilizes, and complies with, in performing transmission planning.
- (2) The Transmission Provider's internal policies, criteria, and guidelines that it utilizes in performing transmission planning.
- (3) Current software titles and version numbers used for transmission analyses by the Transmission Provider.

Any additional information necessary to replicate the results of the Transmission Provider's planning studies will be provided in accordance with, and subject to, the CEII and confidentiality provisions specified in this Attachment M and Exhibit I.

3.3 Additional Transmission Planning-Related Information: In an effort to facilitate the Stakeholders’ understanding of the Transmission System, the Transmission Provider will also post additional transmission planning-related information that it deems appropriate on the Regional Planning Website.

3.4 Additional Transmission Planning Business Practice Information: In an effort to facilitate the Stakeholders’ understanding of the Business Practices related to Transmission Planning, the Transmission Provider will also post the following information on the Regional Planning Website:

- (1) Means for contacting the Transmission Provider.
- (2) Procedures for submittal of questions regarding transmission planning to the Transmission Provider (in general, questions of a non-immediate nature will be collected and addressed through the Annual Transmission Planning Meeting process).
- (3) Instructions for how Stakeholders may obtain transmission base cases and other underlying data used for transmission planning.
- (4) Means for Transmission Customers having Service Agreements for Network Integration Transmission Service to provide load and resource assumptions to the Transmission Provider; provided that if there are specific means defined in a Transmission Customer’s Service Agreement for Network Integration Transmission Service (“NITSA”) or its corresponding Network Operating Agreement (“NOA”), then the NITSA or NOA shall control.

- (5) Means for Transmission Customers having Long-Term Service Agreements for Point-To-Point Transmission Service to provide to the Transmission Provider projections of their need for service over the planning horizon (including any potential rollover periods, if applicable), including transmission capacity, duration, receipt and delivery points, likely redirects, and resource assumptions; provided that if there are specific means defined in a Transmission Customer's Long-Term Transmission Service Agreement for Point-To-Point Transmission Service, then the Service Agreement shall control.

3.5 Transparency Provided Through the Annual Transmission Planning Meetings

3.5.1 The First RPSG Meeting and Interactive Training Session

- 3.5.1.1 An Interactive Training Session Regarding the Transmission Provider's Transmission Planning Methodologies and Criteria:** As discussed in (and subject to) Section 1.2.1, at the First RPSG Meeting and Interactive Training Session, the Transmission Provider will, among other things, conduct an interactive, training and input session for the Stakeholders regarding the methodologies and criteria that the Transmission Provider utilizes in conducting its transmission planning analyses. The purpose of these training and interactive sessions is to facilitate the Stakeholders' ability to

replicate transmission planning study results to those of the Transmission Provider.

3.5.1.2 Presentation and Explanation of Underlying Transmission Planning Study Methodologies: During the training session in the First RPSG Meeting and Interactive Training Session, the Transmission Provider will present and explain its transmission study methodologies. While not all of the following methodologies may be addressed at any single meeting, these presentations may include explanations of the methodologies for the following types of studies:

1. Steady state thermal analysis.
2. Steady state voltage analysis.
3. Stability analysis.
4. Short-circuit analysis.
5. Nuclear plant off-site power requirements.
6. Interface analysis (*i.e.*, import and export capability).

3.5.2 Presentation of Preliminary Modeling Assumptions: At the Annual Transmission Planning Summit, the Transmission Provider will also provide to the Stakeholders its preliminary modeling assumptions for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan. This information will be made available on the Regional Planning Website, with CEII information being secured by

password access. The preliminary modeling assumptions that will be provided may include:

1. Study case definitions, including load levels studied and planning horizon information.
2. Resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs.
3. Planned resource retirements.
4. Renewable resources under consideration.
5. Demand side options under consideration.
6. Long-term firm transmission service agreements.
7. Current TRM and CBM values.

3.5.3 The Transmission Expansion Review and Input Process: The Annual Transmission Planning Meetings will provide an interactive process over a calendar year for the Stakeholders to receive information and updates, as well as to provide input, regarding the Transmission Provider's development of its transmission expansion plan. This dynamic process will generally be provided as follows:

1. At the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will describe and explain to the Stakeholders the database assumptions for the ten (10) year transmission expansion plan that will be developed during the upcoming year. The Stakeholders will be allowed to provide input

regarding the ten (10) year transmission expansion plan assumptions.

2. At the First RPSG Meeting and Interactive Training Session, the Transmission Provider will provide interactive training to the Stakeholders regarding the underlying criteria and methodologies utilized to develop the transmission expansion plan. The databases utilized by the Transmission Provider will be posted on the secured area of the Regional Planning Website.
3. To the extent that Stakeholders have transmission expansion plan/enhancement alternatives that they would like for the Transmission Provider and other Sponsors to consider, the Stakeholders shall perform analysis prior to, and provide any such analysis at, the Preliminary Expansion Plan Meeting. At the Preliminary Expansion Plan Meeting, the Transmission Provider will present its preliminary transmission expansion plan for the current ten (10) year planning horizon. The Transmission Provider and Stakeholders will engage in interactive expansion plan discussions regarding this preliminary analysis. This preliminary transmission expansion plan will be posted on the secure/CEII area of the Regional Planning Website at least 10 calendar days prior to the Preliminary Expansion Plan meeting.
4. The transmission expansion plan/enhancement alternatives suggested by the Stakeholders will be considered by the

Transmission Provider for possible inclusion in the transmission expansion plan. When evaluating such proposed alternatives, the Transmission Provider will, from a transmission planning perspective, take into account factors such as, but not limited to, the proposed alternatives' impacts on reliability, relative economics, effectiveness of performance, impact on transmission service (and/or cost of transmission service) to other customers and on third-party systems, project feasibility/viability and lead time to install.

5. At the Second RPSG Meeting, the Transmission Provider will report to the Stakeholders regarding the suggestions/alternatives suggested by the Stakeholders at the Preliminary Expansion Plan Meeting. The then-current version of the transmission expansion plan will be posted on the secure/CEII area of the regional planning website at least 10 calendar days prior to the Second RPSG Meeting.
6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that will be implemented the following year will be presented to the Stakeholders. The Transmission Planning Summit presentations and the (10) year transmission expansion plan will be posted on the Regional Planning Website at least 10 calendar days prior to the Annual Transmission Planning Summit.

3.5.4 Flowchart Diagramming the Steps of the Southeastern Regional

Transmission Planning Process: A flowchart diagramming the Southeastern Regional Transmission Planning Process, as well as providing the general timelines and milestones for the performance of the reliability planning activities described in Section 6 to this Attachment M, is provided in Exhibit II.

4. Information Exchange

4.1 General: Transmission Customers having Service Agreements for Network Integration Transmission Service are required to submit information on their projected loads and resources on a comparable basis (*e.g.*, planning horizon and format) as used by transmission providers in planning for their native load. Transmission Customers having Service Agreements for Point-To-Point Transmission Service are required to submit any projections they have a need for service over the planning horizon and at what receipt and delivery points. Interconnection Customers having Interconnection Agreements under the Tariff are required to submit projected changes to their generating facility that could impact the Transmission Provider's performance of transmission planning studies. The purpose of this information that is provided by each class of customers is to facilitate the Transmission Provider's transmission planning process, with the September 1 due date of these data submissions by customers being timed to facilitate the Transmission Provider's development of its databases and model building for the following year's ten (10) year transmission expansion plan.

- 4.2 Network Integration Transmission Service Customers:** By September 1 of each year, each Transmission Customer having Service Agreement[s] for Network Integration Transmission Service shall provide to the Transmission Provider an annual update of that Transmission Customer's Network Load and Network Resource forecasts for the following ten (10) years consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff.
- 4.3 Point-to-Point Transmission Service Customers:** By September 1 of each year, each Transmission Customers having Service Agreement[s] for long-term Firm Point-To-Point Transmission Service shall provide to the Transmission Provider usage projections for the term of service. Those projections shall include any projected redirects of that transmission service, and any projected resells or reassignments of the underlying transmission capacity. In addition, should the Transmission Customer have rollover rights associated with any such service agreement, the Transmission Customer shall also provide non-binding usage projections of any such rollover rights.
- 4.4 Demand Resource Projects:** The Transmission Provider expects that Transmission Customers having Service Agreements for Network Integration Transmission Service that have demand resource assets will appropriately reflect those assets in those customers' load projections. Should a Stakeholder have a demand resource asset that is not associated with such load projections that the Stakeholder would like to have considered for purposes of the transmission expansion plan, then the Stakeholder shall provide the necessary information (*e.g.*

technical and operational characteristics, affected loads, cost, performance, lead time to install) in order for the Transmission Provider to consider such demand response resource comparably with other alternatives. The Stakeholder shall provide this information to the Transmission Provider by the Annual Transmission Planning Summit and Assumptions Input Meeting of the year prior to the implementation of the pertinent ten (10) year transmission expansion plan, and the Stakeholder should then continue to participate in this Southeastern Regional Transmission Planning Process. To the extent similarly situated, the Transmission Provider shall treat such Stakeholder submitted demand resource projects on a comparable basis for transmission planning purposes.

- 4.5 Interconnection Customers:** By September 1 of each year, each Interconnection Customer having an Interconnection Agreement[s] under the Tariff shall provide to the Transmission Provider annual updates of that Interconnection Customer's planned addition or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions.
- 4.6 Notice of Material Change:** Transmission Customers and Interconnection Customers shall provide the Transmission Provider with timely written notice of material changes in any information previously provided related to any such customer's load, resources, or other aspects of its facilities, operations, or conditions of service materially affecting the Transmission Provider's ability to provide transmission service or materially affecting the Transmission System.

5. Dispute Resolution

- 5.1 Negotiation:** Any substantive or procedural dispute between the Transmission Provider and one or more Stakeholders (collectively, the “Parties”) that arises from the Attachment M transmission planning process generally shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the pertinent Stakeholder(s) for resolution on an informal basis as promptly as practicable. Should the dispute also involve one or more other Sponsors of this Southeastern Transmission Planning Process or other Participating Transmission Owners of the Southeast Inter-Regional Participation Process, then such entity(ies) shall have the right to be included in “Parties” for purposes of this section and for purposes of that dispute, and any such entity shall also include a designated senior representative in the above discussed negotiations in an effort to resolve the dispute on an informal basis as promptly as practicable. In the event that the designated representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Parties may unanimously agree upon, by unanimous agreement among the Parties such dispute may be voluntarily submitted to the use of the Commission’s Alternative Means of Dispute Resolution (18 C.F.R. § 385.604, as those regulations may be amended from time to time), the Commission’s Arbitration process (18 C.F.R. § 385.605, as those regulations may be amended from time to time) (collectively, “Commission ADR”), or such other dispute resolution process that the Parties may unanimously agree to utilize.
- 5.2 Use of Dispute Resolution Processes:** In the event that the Parties voluntarily and unanimously agree to the use of a Commission ADR process or other dispute

resolution procedure, then the Transmission Provider will have a notice posted to this effect on the Regional Planning Website, and an e-mail notice in that regard will be sent to Registered Stakeholders. In addition to the Parties, all Stakeholders and Sponsors shall be eligible to participate in any Commission ADR process as “participants”, as that or its successor term in meaning is used in 18 C.F.R. §§ 385.604, 385.605 as may be amended from time to time, for purposes of the Commission ADR process; provided, however, any such Stakeholder or Sponsor must first have provided written notice to the Transmission Provider within thirty (30) calendar days of the posting on the Regional Planning Website of the Parties’ notice of their intent to utilize a Commission ADR Process.

5.3 Costs: Each Party involved in a dispute resolution process hereunder, and each “participant” in a Commission ADR Process utilized in accordance with Section 5.2, shall be responsible for its own costs incurred during the dispute resolution process. Should additional costs be incurred during the dispute resolution process that are not directly attributable to a single Party/participant, then the Parties/participants shall each bear an equal share of such cost.

5.4 Rights under the Federal Power Act: Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

6. Regional Participation⁸

6.1 General: The Transmission Provider coordinates with interconnected systems to (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and (2) identify system enhancements that could relieve congestion or integrate new resources.

6.2 Coordination within the SERTP: The Transmission Provider coordinates through this Southeastern Regional Transmission Planning Process with the other transmission providers and owners within this region and the corresponding meetings, communications, and data and information exchanges. The particular activities that are coordinated are the annual preparation of this region's ten (10) year transmission expansion plans and the preparation of the Economic Planning Studies addressed in Section 7 below. The transmission, generation, and demand resource transmission expansion plan/enhancement alternatives suggested by the Stakeholders pursuant to Section 3.5.3(3) will be considered in regional studies conducted to improve the reliability of the bulk power system and this information will be shared with the other transmission owners in this region.

6.3 Coordination with the Other Participating Transmission Owners in the Southeast Inter-Regional Participation Process: As a current member of ReliabilityFirst Corporation ("RFC"), OVEC participates in RFC's regional assessment processes. As part of such processes, just as OVEC provides the latest information about changes on the OVEC system, models used in the OVEC

⁸In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

planning process also reflect the latest available information about plans and conditions in the surrounding systems, so that the OVEC plans can be formulated in the context of regional developments. Transmission network models are continually updated to reflect ongoing changes in the equipment, forecasts, project approvals and other factors. The initial step in coordinated evaluation of future system performance is assembly of a model representing the planned network topology for the study period. OVEC modeling data is submitted annually to RFC as required to meet the schedules established under the RFC compliance program.

The OVEC data are then combined with those submitted by other RFC members, to create the models RFC in turn submits to the Multi-regional Modeling Working Group (“MMWG”). The MMWG then assembles the models submitted by RFC and the other regions to create power flow base case models of the Eastern Interconnection transmission system. The MMWG models are the starting point for subsequent studies conducted by OVEC, RFC or interregional groups. As each study begins, any new information related to the facilities within the study area is incorporated, such as updated forecasts, revised project schedules, equipment failures, generation availability or maintenance, etc. which may have changed since the data was originally submitted to RFC.

To the extent that the study seasons examined in RFC studies overlap with OVEC needs, studies of the OVEC system rely on the models already updated for use in RFC studies. Active participation in RFC studies by MISO, PJM and transmission owners in the RFC footprint therefore allows the OVEC studies to be

based on the best available models coordinated among OVEC and its RFC neighbors. This provides a common reference point from which plans are developed in the current planning cycle.

Further coordination occurs as OVEC planners also participate with the adjacent systems and/or RTOs to address system developments with the potential for mutual interest, such as evaluating requests for Generator Interconnection or Transmission Service in the adjacent systems. In practice, this additional participation most often occurs in the context of integrating new resources such as requests for Generation Interconnection or Transmission Service on the neighboring systems. However, OVEC has previously, and expects to in the future, work with both neighboring transmission owners and/or RTOs to address system constraints within the applicable planning criteria.

For its size, the OVEC system is strongly interconnected, including one 345 kV tieline and two 138 kV tielines to utilities that are members of SERC. Thus, given the location of OVEC facilities along the seam between MISO and PJM in RFC, and other transmission systems that are members of SERC, OVEC participates in the Southeast Inter-Regional Participation Process (“SIRPP”) in addition to the RFC efforts described above. Although OVEC initially offered to join the SIRPP as a member, after discussions with representatives of SIRPP and in light of OVEC’s uniqueness (e.g., very small load and discrete system), OVEC participates in SIRPP as a stakeholder. In accordance with the SIRPP process, stakeholders are given access to information flow and are included in the planning process without discrimination. It is expected that OVEC participation in the

SIRPP will enhance coordination of OVEC planning efforts with systems to the south. The SIRPP process document, which describes stakeholder and other participation rights and other processes, is attached hereto as Exhibit I.

6.4 Reliability Planning Process.

6.4.1 General: The Transmission Provider’s reliability planning process with the transmission providers and owners participating in the SERTP and SIRPP is described in documentation posted on the Regional Website and the Inter-Regional Website.

6.4.2 A Description of How the Various Reliability Study Processes Interact with Each Other: The reliability planning process in the Southeast is a “bottom-up” process. Specifically, the Transmission Provider’s 10-year transmission expansion plan is the base case that it uses for reliability planning processes, with it being the Transmission Provider’s input into the development of the SERC (or other applicable NERC region’s) regional model. In addition, the results of the FRCC coordination activities and of any *ad hoc* coordination activities are incorporated into the Transmission Provider’s transmission expansion plan. These processes are discussed further below on both (a) a local and regional level (*e.g.* Southeastern Regional Transmission Planning level) and (b) an inter-regional (*e.g.* SERC-wide level).

(a)(i) **Bottom-up Reliability Planning:** The bulk of the substantive transmission planning in the Southeast occurs as transmission owners, such as the Transmission Provider, develop their

reliability transmission expansion plans. In this regard, the Transmission Provider's reliability plan is generally developed by determining the required 10-year transmission expansion plan to satisfy load, resources, and transmission service commitments throughout the 10-year reliability planning horizon. The development of the Transmission Provider's reliability plan is facilitated through the creation of transmission models (base cases) that incorporate the current ten (10) year transmission expansion plan, load projections, resource assumptions (generation, demand response, and imports), and transmission service commitments within the region. The transmission models also incorporate external regional models (at a minimum the current SERC models) that are developed using similar information.

- (a)(ii) **Bottom-Up Reliability Study Process:** The transmission models created for use in developing the transmission provider's reliability 10-year transmission expansion plan are analyzed to determine if any planning criteria concerns (including, at a minimum, North American Electric Reliability Corporation ("NERC") planning criteria) are projected. In the event one or more planning criteria concerns are identified, the transmission owners will develop solutions for these projected limitations. As a part of this study process, the transmission owners will

reexamine the current regional reliability 10-year transmission expansion plans (determined through the previous year's regional reliability planning process) to determine if the current plan can be enhanced based on the updated assumptions and any new planning criteria concerns identified in the analysis. The enhancement process may include the deletion and/or modification to any of the existing reliability transmission enhancements identified in the previous year's reliability planning process.

- (a)(iii) **Identification of Reliability Transmission Enhancements:** Once a planning criteria concern is identified or the enhancement process identifies the potential for a superior solution, the transmission owner will then determine if any neighboring planning process is potentially impacted by the projected limitation. Potentially impacted transmission owners are then contacted to determine if there is a need for an *ad hoc* coordinated study. In the event one or more neighboring transmission owners agree that they would be impacted by the projected limitation or identifies the potential for a superior reliability solution based on transmission enhancements in their current reliability plan, an *ad hoc* coordinated study is initiated. Once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the ten (10) year transmission

expansion plan (*i.e.*, the plan due to be implemented the following year) as a reliability project.

- (b)(i) **SERC-Wide Assessments and Planning Activities:** After their transmission models are developed, the transmission owners within SERC create a SERC-wide transmission model and conduct a long-term reliability assessment. The intent of the SERC-wide reliability assessment is to determine if the different reliability transmission expansion plans are simultaneously feasible and to otherwise ensure that the transmission owners are using consistent models and data. Additionally, the reliability assessment measures and reports transfer capabilities between regions and transmission owners within SERC. The SERC-wide assessment serves as a valuable tool for each of the transmission owners to reassess the need for additional reliability joint studies.
- (b)(ii) **SERC Transmission Model Development:** The construction of the SERC transmission model is a “bottom-up” process. In particular, SERC transmission models are developed by the transmission owners in SERC through an annual model development process. Each transmission owner in SERC, incorporating input from their regional planning process, develops and submits their 10-year transmission models to a model development databank, with the models and the databank then being used to create a SERC-wide model for use in the reliability

assessment. Additionally, the SERC-wide models are then used in the SERTP planning process as an update (if needed) to the current transmission models and as a foundation (along with the Multiregional Modeling Working Group (“MMWG”) models) for the development of the transmission provider’s transmission models for the following year.

(b)(iii) **Additional Reliability Joint Studies:** As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the transmission owners to reassess the need for additional reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the transmission owners’ reliability studies, then the impacted transmission owners will initiate one or more *ad hoc* inter-regional coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine inter-regional reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission enhancements will be incorporated into the Transmission Provider’s ten (10) year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are “pushed down” to the transmission owner level for detailed resolution.

6.4.3 A Description of How Stakeholders May Participate in These Processes

- (a)(i) **Participation Through the Southeastern Regional Transmission Planning Process:** Since the bulk of the reliability transmission planning occurs as a “bottom up” process in the development of the Transmission Provider’s ten (10) year transmission expansion plan, Stakeholders may participate in these reliability planning processes by participating in the Southeastern Regional Transmission Planning Process. Specifically, the ten (10) year transmission expansion plan is the Transmission Provider’s input into the SERC (or other applicable NERC region’s) model development, and the results of the FRCC coordination and of any *ad hoc* coordination studies are incorporated into the ten (10) year transmission expansion plan. As discussed in Section 1.2.2, at the Preliminary Expansion Plan Meeting, Stakeholders are provided the opportunity to review and comment (and allowed to propose alternatives concerning enhancements found in): the Transmission Provider’s preliminary transmission expansion plan, which is the Transmission Provider’s input into (1) SERC’s (or other applicable NERC region’s) regional model development, (2) coordination with the FRCC, and (3) any *ad hoc* coordination activities. As discussed in Section 1.2.3, at the Second RPSG Meeting, the Stakeholders are provided feedback regarding the expansion plan

alternatives that they submitted at the First RPSG Meeting and are provided an overview of the results of the SERC regional model development for that year, as well as the results of any on-going coordination activities with the FRCC transmission providers and any *ad hoc* coordination activities. As discussed in Section 1.2.4, at the Annual Transmission Planning Summit and Assumptions Input Section, the Stakeholders are provided an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination activities. In addition, Stakeholders are provided an open forum regarding: the data gathering and transmission model assumptions that will be used for purposes of the ten (10) year transmission expansion plan to be developed the following year (which will constitute the Transmission Provider's input into the SERC (or other applicable NERC region's) regional model development for the following year); FRCC model development; and any *ad hoc* coordination studies.

- (a)(ii) **Participation Through the SIRPP:** As shown on the Southeast Inter-Regional Participation Process Diagram contained in Exhibit I, the particular activities that the SIRPP sponsors coordinate are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit I. In addition, the

SIRPP sponsors will review with stakeholders the data, assumptions, and assessment that are then being conducted on a SERC-wide basis at: the 1st Inter-Regional Stakeholder Meeting; the 2nd Inter-Regional Stakeholder Meeting; and the 3rd Inter-Regional Stakeholder Meeting.

(a)(iii) **Membership in SERC:** Interested Stakeholders may further participate in SERC processes by seeking to become a member of SERC. At least as of December 17, 2008, the requirements to become a SERC member are specified on SERC's website.

6.5 Timeline and Milestones: The general timelines and milestones for the performance of the reliability planning activities are provided in Exhibit II, which also provides a flowchart diagramming the steps of the Southeastern Regional Transmission Planning Process.

7. Economic Planning Studies

7.1 General – Economic Planning Study Requests: Stakeholders will be allowed to request that the Transmission Provider perform up to five (5) Stakeholder requested economic planning studies (“Economic Planning Studies”) on an annual basis. Requests that are inter-regional in nature will be addressed in the SIRPP. Accordingly, it is expected that the RPSG will coordinate with other inter-regional stakeholders regarding Economic Planning Studies that are inter-regional in nature.

7.2 Parameters for the Economic Planning Studies: These Economic Planning Studies shall be confined to sensitivity requests for bulk power transfers and/or to

evaluate potential upgrades or other investments on the Transmission System that could reduce congestion or integrate new resources. Bulk power transfers from one area to another area within the region encompassed by this Southeastern Regional Transmission Planning Process (the “Region”) shall also constitute valid requests. The operative theory for the Economic Planning Studies is for them to identify meaningful information regarding the requirements for moving large amounts of power beyond that currently feasible, whether such transfers are internal to the Region or from this Region to interconnected regions. It should again be noted that requests that are inter-regional in nature will be addressed in the SIRPP.

- 7.3 Other Tariff Studies:** The Economic Planning Studies are not intended to replace System Impact Studies, Facility Studies, or any of the studies that are performed for transmission delivery service or interconnection service under the Tariff.
- 7.4 Clustering:** The RPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the RPSG requests are similar in nature and the Transmission Provider concludes that clustering of such requests and studies is appropriate, the Transmission Provider may, following communications with the RPSG, cluster those studies for purposes of the transmission evaluation. It is foreseeable that clustering of requests may occur during the SIRPP.
- 7.5 Additional Economic Planning Studies:** Should a Stakeholder(s) request the performance of an Economic Planning Study in addition to the above-described

five (5) Economic Planning Studies that the RPSG may request during a calendar year, then any such additional Economic Planning Study will only be performed if such Stakeholder(s) first agrees to bear the Transmission Provider's actual costs for doing so and the costs incurred by any other Sponsor to perform such Economic Planning Study, recognizing that the Transmission Provider may only conduct a reasonable number of transmission planning studies per year. If affected by the request for such an additional Economic Planning Study, the Transmission Provider will provide to the requesting Stakeholder(s) a non-binding but good faith estimate of what the Transmission Provider expects its costs to be to perform the study prior to the Stakeholder(s) having to agree to bear those costs. Should the Stakeholder(s) decide to proceed with the additional study, then it shall pay the Transmission Provider's and other affected Sponsor[s]' estimated study costs up-front, with those costs being trued-up to the Transmission Provider's and other affected Sponsor[s]' actual costs upon the completion of the additional Economic Planning Study.

7.6 Economic Planning Study Process

1. Stakeholders will be prompted at the Annual Transmission Planning Summit to provide requests for the performance of Economic Planning Studies. Corresponding announcements will also be posted on the Regional Planning Website, and Registered Stakeholders will also receive e-mail notifications to provide such requests. An Economic Planning Study Request Form will be made available on the Regional Planning Website, and interested Stakeholders may submit any such completed

request form on the non-secure area of the Regional Planning Website (unless such study request contains CEII, in which case the study request shall be provided to the Transmission Provider with the CEII identified, and the study request shall then be posted on the secure area of the Regional Planning Website).

2. Prior to each First RPSG Meeting, the RPSG shall compile the Economic Planning Study requests. At the First RPSG Meeting, the RPSG shall meet to discuss and select up to five (5) Economic Planning Studies to be requested to be performed. At the First RPSG Meeting, the Transmission Provider will coordinate with the RPSG and any interested Stakeholders to facilitate the RPSG's efforts regarding its development and selection of the Economic Planning Study requests. Once the RPSG selects the Economic Planning Study(ies) (up to five annually), the RPSG will notify the Transmission Provider, who will post the results on the Regional Planning Website.
3. The Transmission Provider will post on the secure area of the Regional Planning Website the study assumptions for the five (5) Economic Planning Studies within thirty (30) days of the postings of the selected Economic Planning Studies on the Regional Planning Website. Registered Stakeholders will receive an e-mail notification of this posting, and an announcement will also be posted on the Regional Planning Website.
4. Stakeholders will have thirty (30) calendar days from the Transmission Provider's posting of the assumptions for the RPSG to provide comments

regarding those assumptions. Any such comments shall be posted on the secure area of the Regional Planning Website if the comments concern CEII.

5. The preliminary results of the Economic Planning Studies will be presented at the Second RPSG Meeting. These results and related data will be posted on the secure area of the Regional Planning Website a minimum of 10 calendar days prior to the Second RPSG Meeting. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP. The Second RPSG Meeting will be an interactive session with the RPSG and other interested Stakeholders in which the Transmission Provider will explain the results, alternatives, methodology, criteria, and related considerations pertaining to those preliminary results. At that meeting, the Stakeholders may submit alternatives to the enhancement solutions identified in those preliminary results. All such alternatives must be submitted by Stakeholders within thirty (30) calendar days from the close of the Second RPSG Meeting. The Transmission Provider will consider the alternatives provided by the Stakeholders.
6. The final results of the Economic Planning Studies will be presented at the Annual Transmission Planning Summit, and the Transmission Provider will report regarding its consideration of the alternatives provided by Stakeholders. These final results will be posted on the secure area of the Regional Planning Website a minimum of 10 calendar days prior to the

Transmission Planning Summit. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP.

7. The final results of the Economic Planning Studies will be non-binding upon the Transmission Provider and will provide general non-binding estimations of the required transmission upgrades, timing for their construction, and costs for completion.

8. Order No. 890 Cost Allocation Principle⁹

8.1 General: The following provides the Transmission Provider’s methodologies for allocating the costs of new transmission facilities that do not fit under the general Tariff rate structure under two scenarios. The first methodology addresses the allocation of the costs of economic transmission upgrades that are identified in the Economic Planning Studies and that are not otherwise associated with transmission service provided under the Tariff and are not associated with the provision of transmission service under other arrangements, such as the Transmission Provider’s provision of bundled service to its Native Load Customers. The second methodology addresses upgrades that are not required to satisfy the Transmission Provider’s planning standards and/or ERO or RE reliability standards, and thus would not otherwise be included in the transmission expansion plan, but that a Stakeholder, including a Transmission Customer, may want to have installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider’s planning criteria and/or ERO or RE reliability standards (“Enhanced Reliability Upgrades”).

8.2 Cost Allocation Methodology for Economic Upgrades

8.2.1 Identification of Economic Upgrades: The transmission expansion plan will identify the transmission upgrades that are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service commitments (“Reliability

⁹ In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider’s local transmission planning process.

Upgrades”) in accordance with the Transmission Provider’s planning standards and/or ERO or RE reliability standards. All of the upgrades identified in the Economic Planning Studies that are not identified in the transmission expansion plan, and are thus not such Reliability Upgrades, shall constitute “Economic Upgrades”.

8.2.2 Request for Performance of Economic Upgrades: Within thirty (30) calendar days of the posting of the final results of the underlying Economic Planning Study[ies], one or more entities (“Initial Requestor[s]”) that would like the Transmission Provider to construct one or more Economic Upgrades identified in the Economic Planning Study[ies] may submit a request for the Transmission Provider to construct such Economic Upgrade[s]. The Initial Requestor[s] should identify the percentage of cost responsibility for the Economic Upgrade[s] that the Initial Requestor[s] is requesting cost responsibility. The request must consist of a completed request application, the form of which will be posted on the Regional Planning Website (“Economic Upgrade Application”). The Transmission Provider will post the request on the secure area of the Regional Planning Website. Other entities (“Subsequent Requestor[s]”) that also would like the Transmission Provider to construct the Economic Upgrade[s] sought by the Initial Requestor[s] shall notify the Transmission Provider of its intent, along with the percentage of cost responsibility that the Subsequent Requestor[s] is requesting cost responsibility, by following the instructions specified on

the Regional Planning Website within thirty (30) calendar days of the Initial Requestor[s]' posting of its Economic Upgrade Application on the Regional Planning Website (collectively, the Initial Requestor[s] and the Subsequent Requestor[s] shall be referred to as the "Requestor[s]").

8.2.3 Allocation of the Costs of the Economic Upgrades: The costs of the Economic Upgrades shall be allocated to each Requestor based upon the percentage of cost responsibility that it has requested in its respective request. Should the total amount of percentage requests for cost responsibility for the Economic Upgrade[s] by the Requestors not equal one-hundred percent (100%), regardless if the requested amount is less than or exceeds one-hundred percent (100%), then the Requestor[s]' cost responsibility will be adjusted on a pro rata basis based upon the total percentage identified by all of the Requestor[s] relative to one-hundred percent (100%) so that all of the cost responsibility for the Economic Upgrade[s] is allocated to the Requestor[s]. If one or more of the Requestors do not identify the percentage of cost responsibility for which it is requesting cost responsibility, then the Requestors shall bear the costs of the Economic Upgrade[s] in equal shares based upon the number of Requestors. The Requestor[s] shall bear cost responsibility for the actual costs of the Economic Upgrades. Should a Requestor later not enter into an agreement with the Transmission Provider for the construction of the Economic Upgrade[s], then the remaining Requestor[s]' cost responsibility will be recalculated on a pro rata basis based upon the

percentage of cost responsibility requested or based upon the remaining number of Requestor[s] if that methodology was used to allocate the Economic Upgrade[s]' costs.

8.2.4 Cost Allocation for the Acceleration, Expansion, Deferral, or Cancellation of Reliability Upgrades: Should the Transmission Provider conclude that the construction of an Economic Upgrade[s] would accelerate the construction of, or require the construction of a more expansive, Reliability Upgrade, then the Requestor[s] shall bear the costs of such acceleration or expansion. Should the Transmission Provider conclude that the construction of the Economic Upgrade[s] would result in the deferral or cancellation of a Reliability Upgrade, then the costs of the Economic Upgrade[s] allocated to the Requestor[s] shall be reduced by the present value of the amount of savings caused by the deferral or cancellation.

8.2.5 Implementing Agreements and Regulatory Approvals: The Transmission Provider will not be obligated to commence design or construction of any Economic Upgrade until (i) a binding agreement[s] with all of the Requestor[s] for such construction by the Transmission Provider and payment by the Requestor[s] of its allocated cost responsibility (in accordance with Section 8.2.3 above) is executed by the Transmission Provider, all other affected Sponsor[s], and all of the Requestor[s]; (ii) all of the Requestor[s] provide (and maintain, subject to reduction as set forth in (iii) below) the Transmission Provider security, in

a form acceptable to the Transmission Provider, for the full costs of the design and construction; and (iii) appropriate commitments to construct are in place for all affected third party transmission providers (*e.g.*, other Sponsors). In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Economic Upgrade unless the Requestor[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requestor[s] bearing the actual costs of design and construction upon completion of the Economic Upgrade[s] pursuant to a true-up to the estimated costs already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such regulatory approvals shall be included in the total costs of the Economic Upgrades and shall otherwise be borne by the Requestors.

8.3 Cost Allocation Methodology for Enhanced Reliability Upgrades

8.3.1 Enhanced Reliability Upgrades: The transmission expansion plan will identify the Reliability Upgrades, which are the transmission upgrades that are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service commitments in accordance with the Transmission Provider’s planning standards and/or ERO or RE reliability standards. Should one or more Stakeholders, including a Transmission Customer, determine that it wants an upgrade installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider’s planning criteria and/or ERO or RE reliability standards (*i.e.*, an Enhanced Reliability Upgrade), then the costs of any such Enhanced Reliability Upgrade shall be directly assigned to that Stakeholder[s] (“Requesting Stakeholder[s]”) without the provision of transmission credits or other means of reimbursement from the Transmission Provider for such direct assignment costs.

8.3.2 Cost Allocation of the Direct Assignment Costs Should Multiple Stakeholders Desire the Same Enhanced Reliability Upgrade: Should multiple Stakeholders want the installation and construction of the same Enhanced Reliability Upgrade[s], then the direct assignment costs for such Enhanced Reliability Upgrade[s] shall be allocated to those Requesting Stakeholders in equal shares, unless those Requesting Stakeholders agree in writing to a different cost allocation approach prior to the Transmission Provider assigning those costs.

8.3.3 Implementing Agreements and Regulatory Approvals: The Transmission Provider will not be obligated to commence design or construction of any Enhanced Reliability Upgrade until (i) a binding agreement[s] with the Requesting Stakeholder[s] for such construction by the Transmission Provider and payment by the Requesting Stakeholder[s] of its direct assignment costs (in accordance with Sections 8.3.1 and 8.3.2 above) is executed by the Transmission Provider and all of the Requesting Stakeholders seeking the construction of such Enhanced Reliability Upgrade[s] and (ii) all of the Requesting Stakeholder[s] provide (and maintain, subject to reduction as set forth in the following sentence) the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the design and construction. In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Enhanced Reliability Upgrade unless the Requesting Stakeholder[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requesting Stakeholder[s] bearing the actual costs of design and construction upon completion of the Enhanced Reliability Upgrade[s] pursuant to a true-up to the estimated

costs already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such regulatory approvals shall be included in the total costs of the Reliability Upgrade[s] and shall otherwise be borne by the Requesting Stakeholder[s].

- 9. Recovery of Planning Costs:** With the exception of the costs to perform more than five Economic Planning Studies (which will be directly assigned to the requestor), OVEC's costs associated with its transmission planning process shall be recovered through existing rate structures (through transmission rates embedded in the cost-based rates charged to its owners and their affiliates under the Commission-approved Inter-Company Power Agreement and through agreements with third parties for transmission service, including as a component of retail service agreements authorized under applicable state law).

TRANSMISSION PLANNING AND COST ALLOCATION REQUIREMENTS OF ORDER NO. 1000

10. Consideration of Transmission Needs Driven by Public Policy Requirements

10.1 Procedures for the Consideration of Transmission Needs Driven by Public

Policy Requirements: The Transmission Provider addresses transmission needs driven by enacted state and federal laws and/or regulations ("Public Policy Requirements") in its routine planning, design, construction, operation, and maintenance of the Transmission System. In this regard, the Transmission

Provider addresses transmission needs driven by the Public Policy Requirements of load serving entities and wholesale transmission customers through the planning for and provision of long-term firm transmission services to meet i) native load and ii) wholesale Transmission Customer obligations under the Tariff.

10.2 The Consideration of Transmission Needs Driven by Public Policy Requirements Identified Through Stakeholder Input and Proposals

10.2.1 Requisite Information: In order for the Transmission Provider to consider transmission needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information via a submittal to the Regional Planning Website:

1. The applicable Public Policy Requirement, which must be a requirement established by an enacted state or federal law(s) and/or regulation(s); and
2. An explanation of the possible transmission need driven by the Public Policy Requirement identified in the immediately above subsection (1) (*e.g.*, the situation or system condition for which possible solutions may be needed, as opposed to a specific transmission project) and an explanation and/or demonstration that the current iteration of the transmission expansion plan(s) does not adequately address that need.

10.2.2 Deadline for Providing Such Information: Stakeholders that propose a transmission need driven by a Public Policy Requirement for evaluation by the Transmission Provider in the current transmission planning cycle must provide the requisite information identified in Section 10.2.1 to the Transmission Provider no later than 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle. That information is to be

provided in accordance with the contact information provided on the Regional Planning Website.

10.3 Transmission Provider Evaluation of SERTP Stakeholder Input Regarding Potential Transmission Needs Driven by Public Policy Requirements

10.3.1 In the transmission planning process for that planning cycle, the Transmission Provider will evaluate Stakeholder input to determine if there is a transmission need driven by the Public Policy Requirement identified by the Stakeholder in Section 10.2 that should be addressed in the transmission expansion plan.

10.3.2 If a transmission need is identified that is not already addressed in the transmission expansion planning process, the Transmission Provider will identify a transmission solution to address the aforementioned need in the planning processes.

10.3.3 Stakeholder input regarding potential transmission needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the potential transmission need identified by the Stakeholder is essentially a request by a network customer to integrate a new network resource, the request would be directed to that existing Tariff process.

10.4 Posting Requirement: The Transmission Provider will provide and post on the Regional Planning Website a response to Stakeholder input regarding transmission needs driven by Public Policy Requirements.

11. Merchant Transmission Developers Proposing Transmission Facilities Impacting

the SERTP: Merchant transmission developers not seeking regional cost allocation pursuant to Sections 15-21 ("Merchant Transmission Developers") who propose to develop a transmission project(s) potentially impacting the Transmission System and/or transmission system(s) within the SERTP region shall provide information and data necessary for the Transmission Provider to assess the potential reliability and operational impacts of those proposed transmission facilities. That information should include:

- Transmission project timing, scope, network terminations, load flow data, stability data, HVDC data (as applicable), and other technical data necessary to assess potential impacts.

12. Enrollment

12.1 General Eligibility for Enrollment: A public utility or non-public utility transmission service provider and/or transmission owner having a statutory or tariff obligation to ensure that adequate transmission facilities exist within a portion of the SERTP region may enroll in the SERTP. Such transmission providers and transmission owners are thus potential beneficiaries for cost allocation purposes on behalf of their transmission customers. Entities who do not enroll will nevertheless be permitted to participate as stakeholders in the SERTP.

12.2 Enrollment Requirement In Order to Seek Regional Cost Allocation: While enrollment is not generally required in order for a transmission developer to be eligible to propose a transmission project for evaluation and potential selection for regional cost allocation purposes ("RCAP") pursuant to Sections 15-21, a potential transmission developer must enroll in the SERTP in order to be eligible

to propose a transmission project for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.

12.3 Means to Enroll: A public utility or non-public utility transmission service provider or transmission owners may provide an application to enroll in accordance with Sections 12.1 and 12.2 above, by executing the form of enrollment posted on the Regional Planning Website. The Transmission Provider is deemed to have enrolled for purposes of Order No. 1000 through this Attachment K.

12.4 List of Enrollees in the SERTP: Exhibit III to this Attachment M provides a list of the public utility and non-public utility transmission service providers and transmission owners who have enrolled in the SERTP (“Enrollees”).

12.5 Enrollment, Cost Allocation Responsibility, and Conditions Precedent: Enrollment will subject Enrollees to cost allocation if, during the period in which they are enrolled, it is determined in accordance with this Attachment M that the Enrollee is a beneficiary of a new transmission project(s) selected in the regional transmission plan for RCAP; provided, however, that the initial non-public utility transmission owners and/or transmission providers who have chosen to enroll at the time of the Transmission Provider’s initial compliance filing to the Commission’s requirements adopted in Order No. 1000/FERC Docket No. RM10-23 do so on the condition precedent that the Commission accepts that compliance filing without modification and without setting it for hearing or suspension. Should the Commission take any such action upon review of the Transmission Provider’s compliance filing or in any way otherwise modify, alter,

or impose amendments to this Attachment M, then each such non-public utility will be under no obligation to enroll in the SERTP and will have sixty (60) days following that order or action to provide written notice to the Transmission Provider of whether it will, in fact, enroll in the SERTP. If, in that event, it decides not to enroll, the non-public utility shall not be subject to cost allocation under this Attachment M.

12.6 Conditions Subsequent Upon Enrollment: Once enrolled, should the Commission, a Court, or any other governmental entity having the requisite authority modify, alter, or impose amendments to this Attachment M, then an enrolled non-public utility may immediately withdraw from this Attachment M by providing written notice within 60 days of that order or action, with the non-public utility's termination being effective as of the close of business the prior business day before said modification, alteration, or amendment occurred. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment M during the period in which it was enrolled that such Enrollee was a beneficiary of new transmission facilities selected in the regional transmission plan for RCAP. Any withdrawing Enrollee will not be allocated costs for projects included in the regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.6.

12.7 Notification of Withdrawal: An Enrollee wanting to terminate its enrollment in the SERTP may do so by providing written notification of such intent to the

Transmission Provider. Except for non-public utilities terminating pursuant to Sections 12.5 or 12.6 above, the termination will be effective at the end of the then-current transmission planning cycle provided that the notification of withdrawal is provided to the Transmission Provider at least sixty (60) days prior to the Annual Transmission Planning Summit and Assumptions Input Meeting for that transmission planning cycle. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment M during the period in which it was enrolled that such Enrollee was a beneficiary of new transmission facilities selected in the regional transmission plan for purposes of cost allocation. Any withdrawing Enrollee will not be allocated costs for projects included in the regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.7.

13. Qualification Criteria to Submit a Regional Transmission Project Proposal for Potential Selection in a Regional Transmission Plan for Purposes of Cost Allocation

13.1 Transmission Developer Qualification Criteria: While additional financial and technical criteria may be required to be satisfied in order for a proposed transmission project to be selected and/or included in a regional plan for RCAP, a transmission developer must satisfy the following, initial qualification criteria to

be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP.¹⁰

13.1.1 If the transmission developer or its parent or owner or any affiliate, member or subsidiary has load in the SERTP region, the transmission developer must have enrolled in the SERTP in accordance with Section 12.2.

13.1.2 In order to be eligible to propose a transmission project for consideration for selection for RCAP, the transmission developer must demonstrate that it satisfies the following, minimum financial capability and technical expertise requirements:

1. The transmission developer has and maintains a credit rating of BBB- or higher from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), or a credit rating of Baa3 or higher from Moody's Investors Service, Inc. In addition, the transmission developer's parent company's credit rating may be used to satisfy this requirement but only if the parent company commits in writing to provide a guaranty for the transmission developer if the proposed transmission project is selected for RCAP;¹¹
2. The transmission developer provides documentation of its capability to finance U.S. energy projects equal to or greater than the cost of the proposed transmission project; and
3. The transmission developer has the capability to develop, construct, operate, and maintain U.S. electric transmission projects of similar or larger complexity, size, and scope as the proposed project. The transmission developer must demonstrate such capability by providing, at a minimum, the following information:

¹⁰ The regional cost allocation process provided hereunder in accordance with Section 13-21 is not the only means for allocating the costs of new transmission projects, as, for example, merchant or other transmission developers may allocate and/or recover their costs through negotiated rates.

¹¹ If a project is selected for RCAP, having a BBB- and/or a Baa3 rating alone will not be sufficient to satisfy the requisite project security/collateral requirements.

- a. A summary of the transmission developer's: transmission projects in-service, under construction, and/or abandoned or otherwise not completed including locations, operating voltages, mileages, development schedules, and approximate installed costs; whether delays in project completion were encountered; and how these facilities are owned, operated and maintained. This may include projects and experience provided by a parent company or affiliates or other experience relevant to the development of the proposed project; and
- b. If it or a parent, owner, affiliate, or member has been found in violation of any NERC and/or Regional Entity reliability standard and/or the violation of regulatory requirement(s) pertaining to the development, construction, ownership, operation, and/or maintenance of electric infrastructure facilities, an explanation of such violations.

14. Transmission Facilities Potentially Eligible for RCAP: In order for a transmission project proposed by a transmission developer to be considered for evaluation and potential selection for RCAP, the project must be regional in nature in that it must be a major transmission project effectuating significant bulk electric transfers across the SERTP region and addressing significant electrical needs. A regional transmission project eligible for RCAP would be a transmission line that would:

- a. operate at a voltage of 300 kV or greater and span 100 miles or more within the SERTP; and
 - b. portions of said transmission line must be located in two or more balancing authority areas located in the SERTP.
1. A transmission project that does not satisfy (a) and (b) above but that would effectuate similar, significant bulk electric transfers across the SERTP region and address similar, significant regional electrical needs will be considered on a case-by-case basis;
 2. The proposed transmission project cannot be an upgrade to an existing facility. In addition, the proposed transmission project cannot be located on the property and/or right-of-way ("ROW") belonging to anyone other than the transmission developer absent the consent of the owner of the existing facility or ROW, as the case may be;
 3. In order for the proposed transmission project to be a more efficient and cost effective alternative to the projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration and materially different

than projects that have been previously considered in the expansion planning process; and

4. The proposed transmission project must be able to be constructed and tied into the transmission system by the required in-service date.

15. Submission and Evaluation of Proposals for Potential Selection in a Regional Transmission Plan for RCAP

15.1 Information to be Submitted: A transmission developer must submit the following information in support of a transmission project it proposes for potential selection in a regional transmission plan for RCAP:

1. Documentation of the transmission developer's ability to satisfy the qualification criteria required in Section 13;
2. Sufficient information for the Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 14;
3. If it or a parent, owner, affiliate, or member who will be performing work in connection with the potential transmission project is registered with NERC or other industry organizations pertaining to electric reliability and/or the development, construction, ownership, or operation, and/or maintenance of electric infrastructure facilities, a list of those registrations.
4. A description of the proposed transmission project that details the intended scope (including the various stages of the project development such as engineering, ROW acquisition, construction, recommended in-service date, etc.);
5. A capital cost estimate of the proposed transmission project. If the cost estimate differs greatly from generally accepted estimates of projects of comparable scope, the transmission developer will be required to support such differences;
6. Documentation of the technical analysis performed supporting the position that the proposed transmission project addresses the transmission needs and does so more efficiently and cost-effectively than specific projects included in the latest transmission expansion plan. Documentation must include the following:
 - The identification of: (a) transmission projects in the latest expansion plan

that would be displaced by the proposed project, and (b) any additional projects that may be required in order to implement the proposed project; and

- The data and/or files necessary to evaluate the transmission developer's analysis of the proposed transmission project;
7. The transmission developer must provide a reasonable explanation of, as it pertains to its proposed project, its planned approach to satisfy applicable regulatory requirements and its planned approach to obtain requisite authorizations necessary to acquire rights of way and to construct, operate, and maintain the proposed facility in the relevant jurisdictions;
- The transmission developer should not expect to use the Transmission Provider's right of eminent domain for ROW acquisition; and
8. An administrative fee of \$25,000 to off-set the costs to review, process and evaluate each transmission project proposal. A refund of \$15,000 will be provided to the transmission developer if:
- The transmission developer or its proposal is determined to not satisfy the qualification criteria in Section 13 through 15.1; or
 - The transmission developer withdraws its proposal by providing written notification of its intention to do so to the Transmission Provider prior to the First RPSG Meeting and Interactive Training Session for that transmission planning cycle.

15.2 Deadline for Submittal: In order for its transmission project to be considered for RCAP in the current transmission planning cycle, a transmission developer must provide the requisite information identified in Sections 13 through 15.1 to the Transmission Provider in accordance with the contact information provided on the Regional Planning Website no later than 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

15.3 Initial Review of Qualification Criteria and Opportunity for Cure: The Transmission Provider will notify transmission developers who do not meet the

qualification criteria in Section 13 through 15.1, or who provide an incomplete submittal, within 30 calendar days of the submittal deadline to allow the transmission developers an opportunity to remedy any identified deficiency(ies). Transmission developers, so notified, will have 15 calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency.

- 15.4 Change in the Transmission Developer’s Qualification Information or Circumstances:** The transmission developer has an obligation to update and report in writing to the Transmission Provider any change to its information that was provided as the basis for its satisfying the requirements of Sections 13 through 15, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 15.1(6) to reflect updated transmission planning data as the transmission planning cycle(s) progresses. If at any time the Transmission Provider concludes that a transmission developer or a potential transmission project proposed for RCAP purposes no longer satisfies such requirements specified in Sections 13 through 15, then the Transmission Provider may remove the transmission developer’s potential transmission project(s) from consideration for RCAP purposes and/or remove any and all such transmission project(s) from the selected category for RCAP purposes, as applicable.

16. Evaluation of Proposals for Selection in a Regional Transmission Plan for RCAP

- 16.1 Potential Transmission Projects Seeking RCAP Will be Evaluated in the Normal Course of the Transmission Planning Process:** During the course of

the then-current transmission expansion planning cycle (and thereby in conjunction with other system enhancements under consideration in the transmission planning process), the Transmission Provider will evaluate current transmission needs and assess alternatives to address current needs including the potential transmission projects proposed for RCAP by transmission developers. Such evaluation will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. Utilizing coordinated models and assumptions, the Transmission Provider will apply its planning guidelines and criteria to evaluate submittals and determine whether:

1. The proposed transmission project addresses an underlying transmission need(s);
2. The proposed transmission project addresses transmission needs that are currently being addressed with projects in the transmission planning process and if so, which projects could be displaced by the proposed transmission project;¹²
3. Any additional projects would be required to implement the proposed transmission project.

16.2 Transmission Benefit-to-Cost Analysis Based Upon Planning Level Cost Estimates

16.2.1 Based upon the evaluation outlined in Section 16.1, the Transmission Provider will assess whether the proposed transmission project seeking RCAP is considered at that point in time to yield meaningful, net regional benefits. Specifically, the proposed transmission project should yield a regional transmission benefit-to-cost ratio of at least 1.25 and no

¹² Entities that are identified to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for RCAP shall be referred to as "Beneficiaries."

individual Impacted Utility should incur increased, unmitigated transmission costs.¹³

- a. The benefit used in this calculation will be quantified by the transmission costs that the Beneficiaries would avoid due to their transmission projects being displaced by the transmission developer's proposed transmission project.
- b. The cost used in this calculation will be quantified by the transmission cost of the project proposed for selection in a regional transmission plan for RCAP plus the transmission costs of any additional projects required to implement the proposal.
- c. The Transmission Provider will develop planning level cost estimates for use in determining the regional benefit-to-cost ratio. Detailed engineering estimates may be used if available.

16.2.2 For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Transmission Provider and the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule reflecting the expected in-service date of the project for: 1) the transmission developer to provide detailed financial terms for its proposed project that are acceptable to each Beneficiary and 2) the proposed transmission project to receive approval for RCAP from the jurisdictional and/or governance authorities of the Impacted Utilities.

16.3 The Transmission Developer to Provide More Detailed Financial Terms Acceptable to the Beneficiaries and the Performance of a Detailed – Transmission Benefit to Cost Analysis: By the date specified in the schedule

¹³ An entity would incur increased, unmitigated transmission costs should it incur more costs than displaced benefits and not be compensated/made whole for those additional costs. For purposes of this Attachment M, the terms "Impacted Utilities" shall mean: i) the Beneficiaries identified for the proposed transmission project and ii) any entity identified in this Section 16.2.1 to potentially have increased costs in order to implement the proposal.

established in Section 16.2.2,¹⁴ the transmission developer shall identify the detailed financial terms for its proposed project, establishing in detail: (a) the total cost to be allocated to the Beneficiaries if the proposal were to be selected for RCAP, and (b) the components that comprise that cost, such as the costs of:

- a. Engineering, procurement, and construction consistent with Good Utility Practice and standards and specifications acceptable to the Transmission Provider,
- b. Financing costs, required rates of return, and any and all incentive-based (including performance based) rate treatments,
- c. Ongoing operations and maintenance of the proposed transmission project,
- d. Provisions for restoration, spare equipment and materials, and emergency repairs, and
- e. Any applicable local, state, or federal taxes.

To determine whether the proposed project is considered at that time to remain a more efficient and cost effective alternative, the Transmission Provider will then perform a more detailed 1.25 benefit-to-cost analysis consistent with that performed pursuant to Section 16.2.1. This more detailed analysis will be based upon the detailed financial terms provided by the transmission developer, as may be modified by agreement of the transmission developer and Beneficiary(ies), and any additional, and/or more detailed transmission planning, cost or benefit information/component(s) that are applicable to/available for the proposed

¹⁴ The schedule established in accordance with Section 16.2.2 will reflect considerations such as the timing of those transmission needs the regional project may address as well as the lead-times of the regional project, transmission projects that must be implemented in support of the regional project, and projects that may be displaced by the regional project. This schedule may be revised by the Transmission Provider and the Impacted Utilities, in consultation with the transmission developer, as appropriate to address, for example, changes in circumstances and/or underlying assumptions.

transmission project, the projects that would be displaced, and any additional projects required to implement the proposal.¹⁵

16.4 Jurisdictional and/or Governance Authority Approval and Selection for

RCAP: The project will be selected for RCAP in the then-current iteration of the regional plan for purposes of Order No. 1000, subject to the provisions of Section 18, if: the detailed financial terms provided in accordance with Section 16.3, as may be modified by agreement of the transmission developer and Beneficiary(ies), are acceptable to each Beneficiary; the proposed transmission project is found to satisfy the more detailed benefit-to-cost analysis specified in Section 16.3; and if approval is obtained from all of the jurisdictional and/or governance authorities of the Impacted Utilities by the date specified in the schedule adopted in accordance with Section 16.2.2.¹⁶ If obtaining jurisdictional and/or governance authorities approval requires a modification of the detailed financial terms found acceptable in Section 16.3, and both the transmission developer and the Beneficiary(ies) agree to the modification, then the modified detailed financial terms shall be the basis for the regional cost allocation for purposes of the project.

¹⁵ The performance of this updated, detailed benefit-to-cost analysis might identify different Beneficiaries and/or Impacted Utilities than that identified in the initial benefit-to-cost analysis performed in accordance with Section 16.2.1.

¹⁶ Being selected for RCAP in the then-current iteration of a regional plan only provides how the costs of the transmission project may be allocated in Commission-approved rates should the project be built. Being selected for RCAP provides no rights with regard to siting, construction, or ownership. The transmission developer must obtain all requisite approvals to site and build its transmission project. A transmission project may be removed from the selected category for RCAP in the regional plan in accordance with the provisions of Sections 15.4, 18 and 19.

- 17. Cost Allocation Methodology Based Upon Avoided Transmission Costs:** If a regional transmission project is selected in a regional plan for RCAP in accordance with Section 16.4 and then constructed and placed into service, the Beneficiaries identified in the detailed benefit-to-cost analysis performed in Section 16.3 to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for RCAP will be allocated the regional transmission project's costs in proportion to their respective displaced transmission costs as found acceptable in accordance with Sections 16.3 and 16.4.
- 18. On-Going Evaluations of Proposed Projects:** In order to ensure that the Transmission Provider can efficiently and cost effectively meet its respective reliability, duty to serve, and cost of service obligations, and to ensure that the proposed transmission project actually proves to be more efficient and cost effective, the Transmission Provider will continue to reevaluate a proposed transmission project, including any such projects that are being considered for potential selection for RCAP and any transmission projects that may have been selected for RCAP. This continued reevaluation will assess then-current transmission needs and determine whether the proposed transmission project continues to be needed and is more efficient and cost effective compared to alternatives as assessed in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions. Even though a proposed project may have been selected for RCAP in an earlier regional plan, if it is determined that the proposed project is no longer needed and/or it is no longer more efficient and cost effective than alternatives, then the Transmission Provider may notify the transmission developer and remove the proposed project from the selected category for RCAP. Reevaluation will occur until it is no

longer reasonably feasible to replace the proposed transmission project in that the proposed transmission project is in a material stage of construction and/or it is no longer considered reasonably feasible for an alternative transmission project to be placed in service in time to address the underlying transmission need(s) the proposed project is intended to address.

- 19. Delay or Abandonment:** As part of the Transmission Provider's on-going transmission planning efforts, the Transmission Provider will assess whether alternative transmission solutions may be required in addition to, or in place of, a potential transmission project selected for RCAP due to the delay in its development or abandonment of the project. In this regard, the transmission developer shall promptly notify the Transmission Provider should any material changes or delays be encountered in the development of the potential transmission project. If, due to such delay or abandonment, the Transmission Provider determines that a project selected in the regional plan for RCAP no longer adequately addresses underlying transmission needs and/or no longer remains more efficient and cost effective, then the Transmission Provider may remove the project from being selected in the regional plan for RCAP and proceed with reevaluating the regional transmission plan to seek appropriate solution(s). If removed from being selected in the regional plan for RCAP due to delay or abandonment by the transmission developer, then the transmission developer shall be responsible for any increased costs to the Impacted Utilities due to any such delay or abandonment.
- 20. Milestones of Required Steps Necessary to Maintain Status as Being Selected for RCAP:** Once selected in a regional plan for RCAP, the transmission developer must submit a development schedule to the Transmission Provider and the Impacted Utilities

that establishes the milestones, including (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) with the Beneficiaries, by which the necessary steps to develop and construct the transmission project must occur. The schedule and milestones must be satisfactory to the Transmission Provider and the Impacted Utilities. In addition, the Transmission Provider and the Impacted Utilities will also determine the security/collateral arrangements for the proposed project and the deadline(s) by which they must be provided.¹⁷ If such critical steps are not met by the specified milestones and then afterwards maintained, then the Transmission Provider may remove the project from the selected category for RCAP.

21. Mutually Agreed Upon Contract(s) Between the Transmission Developer and the Beneficiaries: The contract(s) referenced in Section 20 will address terms and conditions associated with the development of the proposed transmission project in a regional plan for RCAP, including:

1. The specific financial terms/specific total amounts to be charged by the transmission developer for the regional transmission project to the Beneficiaries, as agreed to by the parties,
2. The contracting Beneficiary's(ies') allocation of the costs of the aforementioned regional facility,
3. Creditworthiness/project security requirements,
4. Operational control of the regional transmission project,
5. Milestone reporting, including schedule of projected expenditures,
6. Engineering, procurement, construction, maintenance, and operation of the proposed regional transmission project,
7. Emergency restoration and repair responsibilities,
8. Reevaluation of the regional transmission project, and
9. Non-performance or abandonment.

¹⁷ Satisfying the minimum, financial criteria specified in Section 13.1.2 alone in order to be eligible propose a project for RCAP will not satisfy this security/collateral requirement.

Interregional Transmission Coordination

[RESERVED]

EXHIBIT I**Southeast Inter-Regional Participation Process****Introduction:**

In an effort to more fully address the regional participation principle outlined in the Order 890 Attachment K Tariff requirements and the related guidance contained in the FERC Transmission Planning Process Staff White Paper (dated August 2, 2007), this Southeast Inter-Regional Participation Process expands upon the existing processes for regional planning in the Southeast. This document outlines an inter-regional process among various Southeastern interconnected transmission owners. The inter-regional process described herein is incorporated into each Participating Transmission Owner's¹ planning process and OATT Attachment K (for those transmission owners that have a regulatory requirement to file an Attachment K).

Purpose:

This inter-regional process complements the regional planning processes developed by the Participating Transmission Owners in the Southeast. For the purpose of this document, the term "Southeast Inter-Regional Participation Process" ("SIRPP") is defined as a new process to more fully address the regional participation principle of Order 890 for multiple transmission systems in the Southeast. The term "Regional Planning Processes" refers to the regional transmission planning processes a Transmission Owner has established within its particular region for Attachment K purposes. Importantly, the Economic Planning Studies discussed herein are hypothetical studies that do not affect the transmission queue for purposes of System Impact Studies, Facilities Studies, or interconnection studies performed under other portions of the OATT.

Current Inter-Regional Planning Process:

Each Southeastern transmission owner currently develops a transmission plan to account for service to its native load and other firm transmission service commitments on its transmission system. This plan development is the responsibility of each transmission planner individually and does not directly involve the Regional Reliability Organization (*e.g.* SERC). Once developed, the Participating Transmission Owners collectively conduct inter-regional reliability transmission assessments, which include the sharing of the individual transmission system plans, providing information on the assumptions and data inputs used in the development of those plans and assessing whether the plans are simultaneously feasible.

¹The sponsors of the Southeast Inter-Regional Participation Process are referred to as transmission owners, rather than transmission providers, because not all of the sponsors are "Transmission Providers" for purposes of the *pro forma* OATT.

Participating Transmission Owners:

Due to the additional regional planning coordination principles that have been announced in Order 890 and the associated Transmission Planning White Paper, several transmission owners have agreed to provide additional transmission planning coordination, as further described in this document. The “Participating Transmission Owners” are listed on the SIRPP website (<http://www.southeastirpp.com>).

Southeast Inter-Regional Participation Process:

The Southeast Inter-Regional Participation Process is outlined in the attached diagram. As shown in that diagram, this process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. In addition, this process will build on the current inter-regional, reliability planning processes required by existing multi-party reliability agreements to allow for additional participation by stakeholders.

The established Regional Planning Processes outlined in the Participating Transmission Owners’ Attachment Ks will be utilized for collecting data, coordinating planning assumptions, and addressing stakeholder requested Economic Planning Studies internal to their respective regions. The data and assumptions developed at the regional level will then be consolidated and used in the development of models for use in the Inter-Regional Participation Process. This will ensure consistency in the planning data and assumptions used in local, regional, and inter-regional planning processes.

These established Attachment K processes may also serve as a mechanism to collect requests for inter-regional Economic Planning Studies by a participant’s stakeholders group. The Economic Planning Studies requested through each participant’s Attachment K process that involve impacts on multiple systems between Regional Planning Processes will be consolidated and evaluated as part of the Southeast Inter-Regional Participation Process. Stakeholders will also be provided the opportunity to submit their requests for inter-regional Economic Planning Studies directly to the Inter-Regional process.

The Participating Transmission Owners recognize the importance of coordination with neighboring (external) planning processes. Therefore, seams coordination will take place at the regional level where external regional planning processes adjoin the Southeast Inter-Regional Participation Process (*e.g.* Southeastern Regional Planning Process coordinating with FRCC Regional Planning Process, Entergy coordinating with SPP, TVA coordinating with MISO and PJM, and the North Carolina Transmission Planning Collaborative coordinating with PJM). External coordination is intended to include planning assumptions from neighboring processes and the coordination of transmission enhancements and stakeholder requested Economic Planning Studies to support the development of simultaneously feasible transmission plans both internal and external to the Southeast Inter-Regional Participation Process.

With regard to the development of the stakeholder requested inter-regional Economic Planning Studies, the Participating Transmission Owners will each provide staff (transmission planners) to serve on the study coordination team. The study coordination team will lead the development of

study assumptions (and coordinate with stakeholders, as discussed further below), perform model development, and perform any other coordination efforts with stakeholders and impacted external planning processes. During the study process, the study coordination team will also be responsible for performing analysis, developing solution options, evaluating stakeholder suggested solution options, and developing a report(s) once the study(ies) is completed. Once the study(ies) is completed, the study coordination team will distribute the report(s) to all Participating Transmission Owners and the stakeholders.

With regard to coordinating with stakeholders in the development of the inter-regional Economic Planning Study(ies), in each cycle of the Southeast Inter-Regional Participation Process, the Participating Transmission Owners will conduct three inter-regional stakeholder meetings. The information to be discussed at such meetings will be made available in final draft form for stakeholder review prior to any such meeting by posting on the SIRPP website and/or e-mails to SIRPP Stakeholder Group (“SIRPPSG”) members. The Participating Transmission Owners will use reasonable efforts to make such information available at least 10 calendar days prior to the particular meeting. The Participating Transmission Owners will conduct the “1st Inter-Regional Stakeholder Meeting”, as shown in the attached diagram. At this meeting, a review of all of the Economic Planning Study(ies) submitted through the participants’ Regional Planning Processes or directly to the Inter-Regional process, along with any additional Economic Planning Study requests that are submitted at this 1st meeting, will be conducted. During this meeting, the stakeholders will select up to five studies that will be evaluated within the planning cycle. The study coordination team will coordinate with the stakeholders regarding the study assumptions underlying the identified stakeholder requested inter-regional Economic Planning Study(ies). Through this process, stakeholders will be provided an opportunity to comment and provide input regarding those assumptions. Following that meeting, and once the study coordination team has an opportunity to perform its initial analyses of the inter-regional Economic Planning Study(ies), the Participating Transmission Owners will then conduct the “2nd Inter-Regional Stakeholder Meeting.” At this meeting, the study coordination team will review the results of such initial analysis, and stakeholders will be provided an opportunity to comment and provide input regarding that initial analysis. The study coordination team will then finalize its analysis of the inter-regional study(ies) and draft the Economic Planning Study(ies) report(s), which will be presented to the stakeholders at the “3rd Inter-Regional Stakeholder Meeting.” Stakeholders will be provided an opportunity to comment and provide input regarding the draft report(s). Subsequent to that meeting, the study coordination team will then finalize the report(s), which will be issued to the Participating Transmission Owners and stakeholders.

In addition to performing inter-regional Economic Planning Studies, the Southeast Inter-Regional Participation Process will also provide a means for the Participating Transmission Owners to review, at the Southeast Inter-Regional Participation Process stakeholder meetings, the regional data, assumptions, and assessments that are then being performed on an inter-regional basis.

Southeast Inter-Regional Participation Process Cycle:

The Southeast Inter-Regional Participation Process will be performed annually. Due to the expected scope of the requested studies and size of the geographical region encompassed, the

Participating Transmission Owners will perform up to five (5) inter-regional Economic Planning Studies annually, which could encompass both Step 1 and Step 2 evaluations. A Step 1 evaluation will consist of a high level screen of the requested transfer and will be performed during a single year's planning cycle. The high level screen will identify transfer constraints and likely transmission enhancements to resolve the identified constraints. The Participating Transmission Owners will also provide approximate costs and timelines associated with the identified transmission enhancements to facilitate the stakeholders' determination of whether they have sufficient interest to pursue a Step 2 evaluation. Once a Step 1 evaluation has been completed for a particular transfer, the stakeholders have the option to request a Step 2 evaluation for that transfer to be performed during the subsequent year's Inter-Regional Participation Process Cycle. If the stakeholders opt to not pursue Step 2 evaluation for the requested transfer during the subsequent year's Inter-Regional Participation Process Cycle, an Economic Planning Study of that request may be re-evaluated in the future by being submitted for a new Step 1 evaluation. In the event that the stakeholders request a Step 2 evaluation, the Participating Transmission Owners will then perform additional analysis, which may include additional coordination with external processes. The Participating Transmission Owners will then develop detailed cost estimates and timelines associated with the final transmission enhancements. The Step 2 evaluation will ensure that sufficient coordination can occur with stakeholders and among the impacted Participating Transmission Owners. In addition, the Step 2 evaluation will provide sufficient time to ensure that the inter-regional study results are meaningful and meet the needs of the stakeholders.

It is important to note that the Participating Transmission Owners expect that a Step 2 evaluation will be completed prior to interested parties requesting to sponsor transmission enhancements identified in an Economic Planning Study. However, the Participating Transmission Owners will work with stakeholders if a situation develops where interested parties attempt to sponsor projects identified in a Step 1 evaluation and there is a compelling reason (*e.g.* where time is of the essence).

Inter-Regional Cost Allocation:

The cost allocation for Inter-Regional Economic Upgrade projects will be determined in accordance with the cost allocation principle adopted by each Participating Transmission Owner's Regional Planning Process in which each portion of the construction of such upgrades would occur. The cost allocation principle for each SIRPP Regional Planning Process is posted on the SIRPP website. Typically, since Inter-Regional Economic Upgrade projects will likely consist of improvements that will be physically located in the footprints of multiple Regional Planning Processes, this approach means the cost allocation for each part of the Inter-Regional Economic Upgrade project or each project within a set of projects will be governed by the cost allocation principle adopted by the Regional Planning Process in which that part of the project or set is physically located. For example, should an Inter-Regional Economic Upgrade project consist of a single, 100 mile 500 kV transmission line, with 30 miles physically located in Regional Planning Process "A" and the remaining 70 miles located in Regional Planning Process "B," then the cost allocation for the 30 miles of 500 kV transmission line located in Regional Planning Process "A" would be governed by that Regional Planning Process' cost allocation principle, and the cost allocation for the other 70 miles of 500 kV transmission line would be

governed by the cost allocation principle of Regional Planning Process “B.” Should an Inter-Regional Economic Upgrade project be physically located entirely within one Regional Transmission Planning process, the costs of the project would be governed by that region’s cost allocation principle.

Inter-Regional Coordination of Economic Transmission Project Development:

Once an Economic Planning Study report has been finalized, multiple stakeholders may be interested in jointly participating in the project development. An Inter-Regional process addressing each such economic upgrade request will be developed that will formalize the process of determining if there is sufficient stakeholder interest to pursue economic project development and the coordination that will be required of the impacted Transmission Owners to support this process. The Participating Transmission Owners and the stakeholders will support this process development activity beginning in 2008.

Stakeholder Participation in the Southeast Inter-Regional Participation Process:

Purpose

The purpose of the SIRPPSG is to provide a structure to facilitate the stakeholders’ participation in the Southeast Inter-Regional Participation Process. Importantly, the SIRPPSG shall have the flexibility to change the “Meeting Procedures” section discussed below but cannot change the Purpose, Responsibilities, Membership, or Data and Information Release Protocol sections absent an appropriate filing with (and order by) FERC to amend the OATT.

Responsibilities

In general, the SIRPPSG is responsible for working with the Participating Transmission Owners on Inter-Regional Economic Planning Study requests so as to facilitate the development of such studies that meet the goals of the stakeholders. The specific responsibilities of this group include:

1. Adherence to the intent of the FERC Standards of Conduct requirements in all discussions.
2. Develop the SIRPPSG annual work plan and activity schedule.
3. Propose and select the Economic Planning Study(ies) to be evaluated (five annually).
 - a. Step 1 evaluations
 - b. Step 2 evaluations
4. The SIRPPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the Economic Planning Study requests are similar in nature and the Participating Transmission Owners conclude that clustering of such requests and studies is appropriate, the Participating Transmission Owners may, following communications with the SIRPPSG, cluster those studies for purposes of the transmission evaluation.
5. Provide timely input on the annual Economic Planning Study(ies) scope elements, including the following:
 - a. Study Assumptions, Criteria and Methodology
 - b. Case Development and Technical Analysis

- c. Problem Identification, Assessment and Development of Solutions
(including proposing alternative solutions for evaluation)
 - d. Comparison and Selection of the Preferred Solution Options
 - e. Economic Planning Study Results Report.
6. Providing advice and recommendations to the Participating Transmission Owners on the Southeast Inter-Regional Participation Process.

Membership

The SIRPPSG membership is open to any interested party.

Meeting Procedures

The SIRPPSG may change the Meeting Procedures criteria provided below pursuant to the voting structure in place for the SIRPPSG at that time. The currently effective Meeting Procedures for the SIRPPSG shall be provided to the Participating Transmission Owners to be posted on the SIRPP website and shall become effective once posted on that website (<http://www.southeastirpp.com>), which postings shall be made within a reasonable amount of time upon receipt by the Transmission Owners. Accordingly, the following provisions contained under this Meeting Procedures heading provide a starting-point structure for the SIRPPSG, which the SIRPPSG shall be allowed to change.

Meeting Chair

A stakeholder-elected member of the SIRPPSG will chair the SIRPPSG meetings and serve as a facilitator for the group by working to bring consensus within the group. In addition, the duties of the SIRPPSG chair will include:

1. Developing mechanisms to solicit and obtain the input of all interested stakeholders related to inter-regional Economic Planning Studies.
2. Ensuring that SIRPPSG meeting notes are taken and meeting highlights are posted on the SIRPP website (<http://www.southeastirpp.com>) for the information of the participants after all SIRPPSG meetings.

Meetings

Meetings of the SIRPPSG shall be open to all SIRPPSG members interested in inter-regional Economic Planning Studies across the respective service territories of the Participating Transmission Owners. There are no restrictions on the number of people attending SIRPPSG meetings from any interested party.

Quorum

Since SIRPPSG membership is open to all interested parties, there are no quorum requirements for SIRPPSG meetings.

Voting

In attempting to resolve any issue, the goal is for the SIRPPSG to develop consensus solutions. However, in the event consensus cannot be reached, voting will be conducted with each SIRPPSG member's organization represented at the meeting (either physically present or participating via phone) receiving one vote. The SIRPPSG chair will provide notices to the SIRPPSG members in advance of the SIRPPSG meeting that specific votes will be taken during

the SIRPPSG meeting. Only SIRPPSG members participating in the meeting will be allowed to participate in the voting (either physically present or participating via phone). No proxy votes will be allowed. During each SIRPP cycle, the SIRPPSG members will propose and select the inter-regional Economic Planning Studies that will be performed during that particular SIRPP cycle. The SIRPPSG will annually select up to five (5) inter-regional Economic Planning Studies, including both Step 1 evaluation(s) and any Step 2 evaluations, with any such Step 2 evaluations being performed for the previous year's Step 1 studies for the pertinent transfers. Each organization represented by their SIRPPSG members will be able to cast a single vote for up to five Economic Planning Studies that their organization would like to be studied within the SIRPP cycle. If needed, repeat voting will be conducted until there are clear selections for the five Economic Planning Studies to be conducted.

Meeting Protocol

In the absence of specific provisions in this document, the SIRPPSG shall conduct its meetings guided by the most recent edition of *Robert's Rules of Order, Newly Revised*.

Data and Information Release Protocol

SIRPPSG members can request data and information that would facilitate their ability to replicate the SIRPP inter-regional Economic Planning studies while ensuring that CEII and other confidential data is protected.

CEII Data and Information

SIRPPSG members may be certified to obtain CEII data used in the SIRPP by following the confidentiality procedures posted on the SIRPP website (*e.g.*, making a formal request for CEII, authorizing background checks, executing the SIRPP CEII Confidentiality Agreement, etc.). The SIRPP Participating Transmission Owners reserve the discretionary right to waive the certification process, in whole or in part, for anyone that the SIRPP Participating Transmission Owners deem appropriate to receive CEII. The SIRPP Participating Transmission Owners also reserve the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the SIRPP dispute resolution procedures set forth below.

Non-CEII Confidential Information

The Participating Transmission Owners will make reasonable efforts to preserve the confidentiality of information that is confidential but not CEII in accordance with the provisions of the Tariff and the requirements of (and/or agreements with) NERC and/or SERC, as well as any agreements with the other Participating Transmission Owners and any other contractual or legal confidentiality requirements.

Without limiting the applicability of the foregoing, to the extent confidential non-CEII information is provided in the transmission planning process and is needed to participate in the transmission planning process and/or to replicate transmission planning studies, it will be made available to those SIRPPSG members who have executed the SIRPP Non-CEII Confidentiality Agreement, which is posted on the SIRPP website. Importantly, if information should prove to contain both confidential non-CEII information and CEII, then the requirements of both this section and the previous section would apply.

Dispute Resolution

Any procedural or substantive dispute between a stakeholder and a Participating Transmission Owner that arises from the SIRPP will be addressed by the Participating Transmission Owner's dispute resolution procedures in its respective Regional Planning Process. In addition, should the dispute only be between stakeholders with no Participating Transmission Owner involved (other than its ownership and/or control of the underlying facilities), the stakeholders will be encouraged to utilize the Commission's alternative means of dispute resolution.

Should dispute resolution proceedings be commenced in multiple Regional Planning Processes involving a single dispute among multiple Participating Transmission Owners, the affected Participating Transmission Owners, in consultation with the affected stakeholders, agree to use reasonable efforts to consolidate the resolution of the dispute such that it will be resolved by the dispute resolution procedures of a single Regional Planning Process in a single proceeding. If such a consensus is reached, the Participating Transmission Owners agree that the dispute will be addressed by the dispute resolution procedures of the selected Regional Transmission Planning Process.

Nothing herein shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

Southeast Inter-Regional Participation Process Diagram:

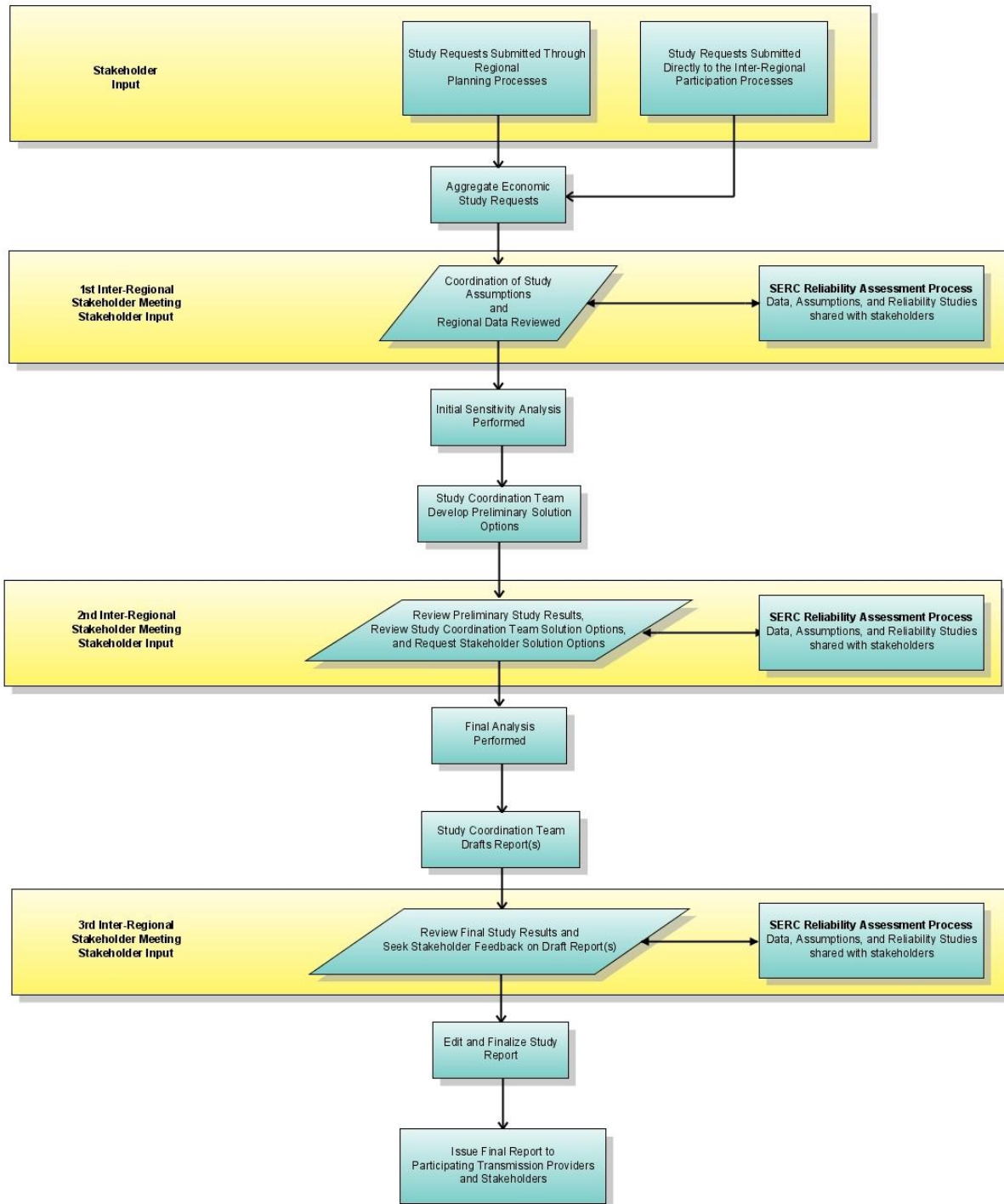


Exhibit II

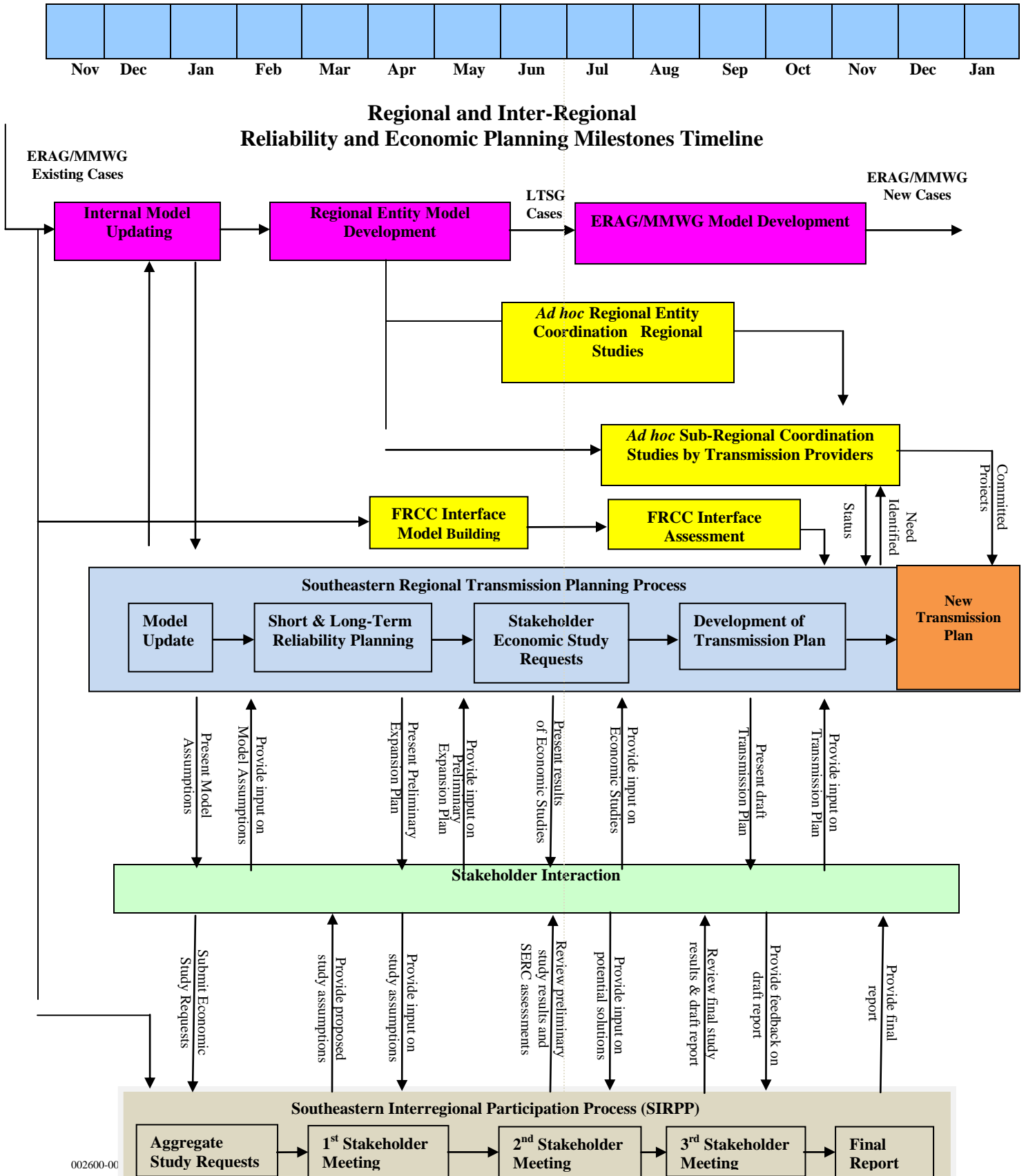


Exhibit III

Enrolled Entities

[NTD: List of enrolled entities to be added.]