August 18, 2014

<u>BY ELECTRONIC FILING</u>
Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: The Southeastern Regional Transmission Planning Process
Order No. 1000 Regional Compliance Filing
Filing Submitted Under Protest As Discussed Herein

Duke Energy Carolinas, LLC and Duke Energy Progress, Inc.,
Docket No. ER13-83

Kentucky Utilities Company and Louisville Gas and Electric Company,
Docket No. ER13-897

Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation,
Docket No. ER13-913

Southern Company Services, Inc.,
Docket No. ER13-908

Dear Ms. Bose:

Pursuant to Section 206 of the Federal Power Act[1] ("FPA") and the Federal Energy Regulatory Commission's ("Commission" or "FERC") order issued in *Duke Energy Carolinas, LLC, et al.*, 147 FERC ¶ 61,241 (2014) (the "June 19th Order" or "Order"), Duke Energy Carolinas, LLC and Duke Energy Progress, Inc. (collectively, "Duke"); Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E/KU"); Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation ("OVEC"); and Southern Company Services, Inc., acting as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company (collectively "Southern Companies"), hereby provide their compliance filings to the June 19th Order.[2]

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[1] 16 U.S.C. § 824e.

[2] While the instant filing is being made under FPA Section 206 in compliance with the June 19th Order, the SERTP Sponsors recognize that the Commission might consider some of the

I. INTRODUCTION

A. Background

Duke, LG&E/KU, OVEC, and Southern Companies (collectively, the "Jurisdictional SERTP Sponsors" or "Jurisdictional Sponsors") are all public utility transmission providers that sponsor the Southeastern Regional Transmission Planning process ("SERTP"). In addition to the Jurisdictional SERTP Sponsors, the SERTP also is supported by the following nonjurisdictional transmission owners and service providers: Associated Electric Cooperative Inc. ("AECI"), Dalton Utilities ("Dalton"), Georgia Transmission Corporation ("GTC"), the Municipal Electric Authority of Georgia ("MEAG"), PowerSouth Energy Cooperative ("PowerSouth"), and the Tennessee Valley Authority ("TVA") (collectively, the "Nonjurisdictional SERTP Sponsors") (the Jurisdictional SERTP Sponsors and Nonjurisdictional SERTP Sponsors collectively are referred herein as the "SERTP Sponsors").

This filing involves the SERTP Sponsors' proposals to comply with Order No. 1000's[3] regional transmission planning and cost allocation requirements.[4] The SERTP Sponsors submitted their initial compliance filing to address those requirements on February 8, 2013 in

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changes made herein to exceed the Order's requirements. While the SERTP Sponsors respectfully submit that all of the Tariff revisions being filed herein are in compliance with Order No. 1000's requirements and within the scope of the June 19th Order since all of the changes made herein are a direct result from the Order's directives, should the Commission consider some of these revisions to exceed those directives, then the SERTP Sponsors request that the Commission treat such aspects of this filing as being made under FPA Section 205 (16 U.S.C. § 824d). *See* Order, P 303 (noting that certain proposals in the prior compliance filing "which do not address specific directives from the First Compliance Order, comply with Order No. 1000…").

[3] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g and clarification*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) ("Order No. 1000").

[4] While the SERTP Sponsors respectfully submit that these OATT revisions satisfy the requirements of the Order, the Jurisdictional SERTP Sponsors are making this filing under protest, as to compliance with the Order's directives with regard to which they sought rehearing. Southern Companies are likewise making this filing under protest in consideration of Southern Companies' request for rehearing of Order No. 1000 and Petition for Review of Order No. 1000, which is pending before the United States Court of Appeals for the District of Columbia Circuit and consolidated with other appeals of Order No. 1000. *See Request for Rehearing of Southern Company Services, Inc.*, Docket No. RM10-23, filed August 22, 2011; s*ee also South Carolina Public Service Authority v. Federal Energy Regulatory Commission*, Consolidated Case Nos. 12-1232, 12-1233, 12-1250, 12-1276, 12-1279, 12-1280, 12-1290, 12-1292, 12-1293, 12-1294, 12-1296, 12-1299, 12-1300, 12-1304.

Docket Nos. ER13-897, ER13-908, and ER13-913 (the "February 8th Filings"), with Duke essentially adopting the substance of those filings when Duke joined the SERTP, as explained in Duke's May 22, 2013 submittal in Docket No. ER13-83. On July 18, 2013, the Commission issued an order addressing the February 8th Filings, finding that they partially complied with the requirements of Order No. 1000 and directing the Jurisdictional SERTP Sponsors to make further revisions. *Louisville Gas and Electric Co., et al.*, 144 FERC ¶ 61,054 (2013) ("First Compliance Order").[5] On January 14, 2014, the Jurisdictional SERTP Sponsors submitted their compliance filings ("January 14th Compliance Filings") in response to the Commission's First Compliance Order. In the June 19th Order, the Commission addressed the requests for rehearing filed in these dockets to the First Compliance Order and addressed the SERTP Sponsors' January 14th Compliance Filings and, again, partially accepted the SERTP Sponsors' compliance filings and required an additional compliance filing. The instant filing provides the SERTP Sponsors' compliance filing to the requirements of the June 19th Order.

The common tariff language being filed herein by the Jurisdictional Sponsors to comply with the June 19th Order was developed through extensive collaborative efforts and reflects the consensus of the SERTP Sponsors. Importantly, the Nonjurisdictional SERTP Sponsors have authorized the Jurisdictional Sponsors to inform the Commission that the Nonjurisdictional SERTP Sponsors support this filing as the appropriate approach to comply with the requirements of the June 19th Order.[6]

B. The Jurisdictional SERTP Sponsors' Filing of Their Respective Tariff Records

While the Jurisdictional SERTP Sponsors are submitting this common transmittal letter, each Jurisdictional SERTP Sponsor is individually submitting the relevant revised provisions to its respective open access transmission tariff ("OATT") through eTariff to comply with the Commission's filing requirements. In each of the filings, the relevant Jurisdictional SERTP Sponsor is including the relevant tariff records that are being amended and/or added to their OATTs along with clean and marked tariff attachments[7] only for the OATT that is in such

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[5] In *Duke Energy Carolinas LLC, et al.*, 145 FERC ¶ 61,252 (2013), the Commission accepted Duke's joining the SERTP, thereby clarifying that Duke likewise was subject to the requirements of the First Compliance Order.

[6] For ease of reference and consistent with the convention adopted by the Commission in the First Compliance Order and the June 19th Order, unless specified to the contrary all tariff references in this letter are to Southern Companies' OATT; numbering and/or lettering varies slightly among the tariffs being submitted in the relevant dockets. The substance of each filing with respect to the SERTP's regional transmission planning process to comply with Order No. 1000 is the same in all material respects.

[7] In the course of preparing their Attachment K for this filing, LG&E/KU noted that the footnotes previously included in their Attachment K had been removed in the eTariff process (but are reflected in the eLibary version of Attachment K included in the January 14 filing). The footnotes have been reinstated and modified as discussed herein. To avoid confusion, the

Jurisdictional Sponsor's database. Put another way, each Jurisdictional Sponsor will include in its filing its specific tariff records and corresponding clean and marked tariff attachments, but not the tariff records to be filed by the other Jurisdictional Sponsors. Additionally, it is important to note that the tariff records and clean and marked tariff attachments are not absolutely identical across all four filings as they reflect differing local planning processes and slight variations in terminology used in the corresponding OATTs.

In addition, it should be noted that as with the Jurisdictional Sponsors' January 14th Compliance Filings, the tariff records being submitted herein incorporate the version of Attachment K that was submitted with the interregional compliance filings on July 10, 2013 by the SERTP Jurisdictional Sponsors in Docket Nos. ER13-1928, ER13-1930, ER13-1940, and ER13-1941 ("Interregional Filings"). The Commission has not yet acted upon those Interregional Filings.

II. REVISIONS TO ATTACHMENT K TO COMPLY WITH THE JUNE 19TH ORDER

A. Regional Transmission Planning Requirements[8]

1. Transmission Planning Region

With regard to the directives in the Order pertaining to the SERTP's transmission planning region, the Order notes that Southern Companies' Attachment K referred to the list of enrolled entities as both "Exhibit K-9" and "Attachment K-9," with the June 19th Order requiring the uniform usage of Exhibit K-9 throughout. June 19th Order, P 50. As shown in the redline contained as a part of this filing, that change has been made (under the initial heading of "Regional Planning" and in Section 13.4).

The Order also explains that the SERTP Sponsors' proposed requirement that a Transmission Owner or Transmission Service Provider must "own or provide transmission service over transmission facilities within the SERTP region – appears circular in nature." Order, P 53. The basis for this concern is that "it is unclear how a transmission provider that owns transmission facilities adjacent to the SERTP region but that has not yet enrolled in the region would be able to meet the requirement to own or provide transmission service *within* the SERTP region before it actually enrolled…." *Id.* (emphasis in original). The June 19th Order requires that this aspect of the January 14th Compliance Filings be clarified or removed.

In response, and as explained in the Request for Rehearing and Clarification filed by the SERTP Sponsors in these dockets on July 21, 2014 ("July 21st Request for Rehearing"), this

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marked Attachment K that LG&E/KU has included in this filing has been compared against the complete Attachment K as filed in eLibrary.

[8] To facilitate the Commission's review of the proposals made herein, the headings under this Section II of the transmittal letter generally follow the topic headings in the June 19th Order.

aspect of the Order appears to confuse the expansion/scope of a transmission planning region with enrollment. Accordingly, the SERTP Sponsors sought clarification, or in the alternative rehearing, that the Commission is not revising Order No. 1000's holding that the scope of a transmission planning region is to be determined, at least in the first instance, by the pertinent Transmission Providers (giving consideration to factors such as the integrated nature of the regional grid). July 21st Request for Rehearing, 13-14 (referencing Order No. 1000, P 160). Pursuant to these considerations, the SERTP has revised Section 13.1 of Attachment K to add the following footnote 12:

> Should a NERC-registered Transmission Owner or Transmission Service Provider that owns or provides transmission service over facilities located adjacent to, and interconnected with, transmission facilities within the SERTP region provide an application to enroll in the SERTP, such a request to expand the SERTP will be considered by the Transmission Provider, giving consideration to the integrated nature of the SERTP region.

B. Order No. 890 and other Regional Transmission Planning Process General Requirements

The Order notes that Duke's Attachment N-1 does not include the same definition of "Stakeholder" as that contained in Southern Companies' Attachment K, requiring Duke to adopt that same definition. Order, P 61. In accordance with that requirement, Duke has included the same definition of Stakeholder as used by the other Jurisdictional Sponsors in Section 12 of its Attachment N-1.[9]

The June 19th Order also requires Southern Companies and OVEC to provide further clarifications pertaining to their use of the SERTP to address both local and regional planning, with the Order holding that language that Southern Companies and OVEC adopted to address potential confusion between their local and regional transmission planning process was insufficient. Order, P 63. The Commission explains that it understands that the SERTP transmission providers

> follow a bottom-up transmission planning process, where each enrolled transmission provider will create a separate, individual local transmission plan, which is then rolled-up into the regional transmission planning process. In addition, it appears each enrolled transmission provider's local transmission plan that is

[9] Duke opted not to include the term in Section 1 of its OATT due to the fact that it has not previously included defined terms specific only to the SERTP and FRCC planning processes in Section 1.

> completed during one calendar year will be rolled-up for use in the following calendar year's regional transmission planning process.

Id., P 64. The foregoing is partially correct for Southern Companies and OVEC, in that while they employ a bottom-up transmission planning process, they do not complete their local and regional transmission plans sequentially (*i.e.*, a local plan first and a regional plan afterwards), but instead do so concurrently with the result being that their local transmission expansion is included in the development of the regional transmission plan. For example, during any particular planning cycle, Southern Companies develops its transmission expansion plan through an on-going and iterative process that addresses the bottom-up drivers for the transmission projects included in the plan while also thoroughly coordinating with the other SERTP Sponsors and interconnected utilities.

The Order further seeks clarification regarding how a stakeholder would know whether references to a "plan" "refers to a single local transmission plan, multiple local transmission plans, or the SERTP regional transmission plan." *Id.* This aspect of the Order also directs Southern Companies and OVEC to make clear how and at what points stakeholders may provide input into Southern Companies' and OVEC's local and regional transmission plans. *Id.*

To address these requirements and considerations, Southern Companies and OVEC have added language under the heading of "Local Transmission Planning" to better explain this relationship between their local and regional transmission planning, including the following:

> [T]he Transmission Provider develops its local transmission expansion plan concurrently with the development of the regional transmission plan, with the expectation that in any given transmission planning cycle, the Transmission Provider's ten year local transmission expansion plan, along with those of the other Sponsors, will be included in the regional transmission plan. Therefore, references to "transmission expansion plan" in this Attachment K include the Transmission Provider's local transmission expansion plan. Through this concurrent development of the Transmission Provider's local transmission expansion plan and the regional transmission plan, Stakeholders are provided the opportunity to provide input throughout the SERTP's processes, with the procedures and timeline of the SERTP for Stakeholders to provide input on the local transmission expansion plan prescribed in Sections 1 through 10.

In addition, the SERTP Sponsors have revised footnote 6 to remove certain language adopted prior to Order No. 1000 pertaining to "plan, planning, and plans" that may have caused confusion and have added language to footnote 7 to explain that a transmission expansion plan completed in one year "is the starting point plan" for the following calendar year.

C. Requirement to Plan on a Regional Basis to Identify More Efficient or Cost-Effective Transmission Solutions

1. Affirmative Obligation to Plan and the Definition of "Transmission Needs"

The Order finds that, "with the exception of the proposed definition of 'Transmission Needs,' [the Jurisdictional SERTP Sponsors] comply with the directives in the First Compliance Order to describe the process they will use to identify more efficient or cost-effective transmission solutions and explain how the region will conduct that regional analysis…" Order, P 100. With regard to the definition of Transmission Needs, however, the Commission holds that the proposed definition "unreasonably limits the universe of transmission projects that are allowed to be considered to address regional transmission needs to those associated with a long-term commitment for transmission service," requiring the SERTP Sponsors to either remove the defined term or to define the term "without the limitation that such transmission needs be associated with long-term firm transmission service commitments." *Id.*, P 101.

In response, and as explained in the July 21st Request for Rehearing, the SERTP Sponsors are concerned that their proposed definition may have caused some confusion and resulted in the Commission construing it to narrowly limit the transmission planning that the SERTP Sponsors perform. As explained in the July 21st Request for Rehearing, such result was unintended as the SERTP Sponsors broadly address reliability, public policy, and economic drivers in their transmission planning processes. July 21st Request for Rehearing, 4-7. To comply with the Order's directive to either remove or clarify the definition, the Jurisdictional SERTP Sponsors have revised their Attachment K such that "transmission needs" is no longer a defined term and is now discussed without the limitation that such transmission needs be associated with long-term firm transmission service commitments. Specifically, Attachment K's Preamble has been revised to provide that

> Transmission needs consist of the physical transmission system delivery capacity requirements necessary to reliably and economically satisfy the load projections; resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs; public policy requirements; and transmission service commitments within the region. These needs typically arise from long-term (*i.e.*, one year or more) firm transmission commitment(s) whether driven in whole or in part by public policy requirements or economic or reliability considerations.

In addition, a new footnote 2 has been added to Attachment K that discusses how stakeholders can provide input regarding such transmission needs.

2. Minimum Threshold Requirements

The Order requires the Jurisdictional SERTP Sponsors to delete their regional threshold requirement that a transmission project must be at least 100 miles. Order, P 144. Attachment K has been so revised to remove that criterion. *See* Attachment K Section 15.1(2).[10] However, since that provision also contained the criteria that the transmission line would need to be located within the SERTP region,[11] Section 15.1(2) has been revised to retain that requirement.

The Order further rejects the SERTP Sponsors' alternative threshold criteria that the regional transmission project must be "at least 50 miles *and* displace transmission projects in more than one balancing authority area or state." Order, P 145 (emphasis in original). As discussed in the July 21st Request for Rehearing, in rejecting that alternative threshold, the Commission only discusses the proposed requirement that the project also displace projects in more than one balancing authority area ("BAA") or state; the Commission did not specifically address the proposed 50-mile requirement. July 21st Request for Rehearing, at 14-16. The SERTP Sponsors, thus, sought clarification, or in the alternative rehearing, that they are allowed to retain the 50-mile requirement so long as it is decoupled from the requirement that that the project also be located in more than one BAA or state. *See id.*, 16 n. 44 ("The SERTP Sponsors believe that the Commission in fact implicitly suggested this approach in the Compliance Order by the italicization of '*and*' in the Commission's rejection of the proposed alternative threshold.").

Furthermore, the SERTP Sponsors explained how the record evidence more than adequately supports a 50-mile threshold requirement for regional transmission lines in the SERTP. *Id.*, 15-16. To repeat the support for the 50-mile threshold,

> [T]he SERTP is expansive, constituting one of the largest regional planning processes in the country, with the SERTP Sponsors collectively having over 80,000 circuit miles of transmission. Furthermore, the SERTP encompasses a land mass more than roughly 700 miles north-to-south and over 1200 miles east-to-west.[12]

In addition,

> [T]he average distance between each load center in the SERTP region with its closest neighboring load center is 91 miles and the

[10] The marked tariff accompanying this filing shows the deletion of the previous Section 15.1(2)(a) that contained the 100-mile requirement.

[11] *See e.g.*, Order No. 1000, P 657 (establishing regional and interregional cost allocation principle 4, which requires that a regional planning process is only to allocate the cost solely within that region).

[12] January 14th Transmittal Letter, 15 (internal footnotes omitted).

> average distance between each load center and its second closest neighboring load center is 124 miles, far in excess of the proposed 50-mile limit. Moreover, there are currently 63 transmission lines within the SERTP region [rated 300 kV or above] that exceed the 50-mile threshold.[13]

In accordance with the foregoing, the SERTP Sponsors have decoupled the 50 mile requirement from the requirement that the project also be located in more than one BAA or state and have removed the "two BAA or state requirement" through the deletion shown at Section 15.1 in the marked tariff accompanying this filing.

As also explained in the July 21st Request for Rehearing, the two BAA requirement was somewhat similar to the requirement that the Commission has approved elsewhere that in order for a transmission project to truly be "regional," the project must benefit more than one enrollee. *See* July 21st Request for Rehearing, 14 n. 40 (referencing *South Carolina Elec. & Gas Co.*, 147 FERC ¶ 61,126, P 87 (2014) ("*SCE&G*")). Therefore, Section 15.1(4) of Attachment K has been revised to incorporate the minimum threshold that the Commission has approved elsewhere that a regional project must have two or more Beneficiaries. As the Commission has found, this criteria is appropriate. *See id.*

In addition, the SERTP Sponsors note that the Commission required in *SCE&G* that "the transmission planning region, and not the transmission developer, should determine whether a proposed transmission project will" have more than one beneficiary. *Id.* To address this requirement, the Jurisdictional SERTP Sponsors have added a footnote at the end of Section 15.1 that tracks the language proposed by SCE&G to comply with that aspect of the *SCE&G* decision. *Compare* Attachment K Section 15.1(4) n. 13 *with* South Carolina Electric & Gas Company's Compliance Filing, Docket No. ER13-107, at Attachment K, n.3.

The Order also requires the Jurisdictional SERTP Sponsors to provide an explanation regarding why a particular transmission project is deemed to not be "materially different" and requires the governing standard to be revised such that a project is materially different if it contains "significant geographic *or* electric differences in the alternative's proposed interconnection point(s) *or* transmission line routing." Order, PP 147-48 (emphasis in original). Those changes have been incorporated at Attachment K Section 15.3.

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[13] July 21st Request for Rehearing, 16 (internal footnotes omitted). To facilitate the Commission's review of this matter, the Jurisdictional SERTP Sponsors here resubmit, as Exhibits 1 and 2, the factual support provided in this regard in their January 14th Compliance Filing referenced in the foregoing block quote.

D. Considerations of Transmission Needs Driven by Public Policy Requirements

1. Incorporating Considerations of Transmission Needs Driven by Public Policy Requirements in the Regional Transmission Planning Process

The Order expresses the concern that the Jurisdictional SERTP Sponsors' proposal that stakeholders "may provide input during the evaluation of potential transmission solutions to identified Transmission Needs consistent with [the Transparency section of their OATTs]" would require stakeholders "to provide an analysis of any transmission expansion plan enhancements/alternatives that they would like…" Order, P 196 (quoting Section 10.4.2 of the then-proposed Attachment K). In response, by referencing Attachment K's Transparency provisions, the Jurisdictional SERTP Sponsors were only trying to make clear that stakeholders will be afforded the opportunity to provide input regarding transmission solutions driven by public policy requirements being proposed for inclusion in the regional transmission plan consistent with the Jurisdictional SERTP Sponsors' Transparency provisions, which the Commission has repeatedly held satisfy the requirements of Order No. 890. The SERTP Sponsors have revised Section 10.4.2 to provide that stakeholders will have the opportunity to provide input on potential transmission solutions driven by public policy requirements at the annual Preliminary Expansion Plan meeting, and that section has been revised to provide that stakeholders "may" provide supporting analysis.[14]

2. Considerations of Transmission Needs Driven by Public Policy Requirements in the Local Transmission Planning Process: Duke Progress

The Order notes that Duke included in its OATT new language based upon the SERTP Sponsors' definition of Transmission Needs and requires Duke to either remove or modify this requirement. Order, P 218. Accordingly, Duke has modified its criteria to determine if a need has been demonstrated by indicating that it will examine the facts supporting a showing that the alleged transmission need cannot be met absent the construction of additional transmission facilities.

[14] In its discussion of the Jurisdictional SERTP Sponsors' proposals to satisfy Order No. 1000's public policy requirements, the Commission also refers to its earlier requirement in the Order that the SERTP Sponsors are to either remove or revise its proposed definition of Transmission Needs. Order, PP 198, 200 n. 376. As discussed above, the Jurisdictional SERTP Sponsors have revised their use of those terms in compliance with the Order. In addition, certain, related language has been removed from Section 10.1.

E. Nonincumbent Transmission Developer Reforms

1. Federal Rights of First Refusal

The Order grants the SERTP Sponsors' and several States' and NARUC's request for rehearing pertaining "to recognize state or local laws and regulations, such as right-of-way, as a threshold matter in the regional transmission planning process…." Order, P 228. Accordingly, the Order directs the Jurisdictional SERTP Sponsors to restore language contained in their original compliance filing that provided that to be eligible for consideration for potential selection in the regional plan for regional cost allocation purposes ("RCAP"), a 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 property or ROW, as the case may be.[15] This language has been reincorporated into Section 15.2.[16]

Related to the restoration of this language, the Order also provides that language that the Jurisdictional SERTP Sponsors had added in their January 14th Compliance Filings providing that ROW considerations would be included in the evaluation stage is now moot and requires the deletion of those provisions. Order, P 238. Accordingly, Sections 11.2.1 and 17.5.1 have been so revised. Of course, these deletions do not mean that the ability and likelihood of a transmission developer to obtain any necessary property rights in the form of easements or the like would not be considered in evaluating a project, as that factor would play into both cost and the feasibility of the project being constructed by the required in-service date.

The Order also directs the SERTP Sponsors to modify the definition of upgrade to provide that only the replacement of a part of an existing transmission facility can be considered an upgrade. Order, P 239. Accordingly, the word "partial" has been added before the word "replacement" in Section 15.2.

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[15] LS Power sought rehearing of this aspect of the Order, citing a couple of state law cases demonstrating the often difficult issue under state law of determining whether the holder of a ROW easement or the owner in fee of the underlying property has the authority to grant additional encumbrances upon the concerned property. *See* Request for Clarification and Rehearing of LS Power Transmission, LLC and LSP Transmission Holdings, LLC at 8-14, (filed in these dockets on July 18, 2014). However, rather than undermine the Commission's determination in the Order, these cases reinforce the appropriateness of the language that the Commission has ordered the Jurisdictional SERTP Sponsors to restore because, as demonstrated by those cases, it would be unreasonable for a transmission developer to assume that it will be able to use the ROW belonging to others.

[16] For purposes of clarification, language from the last sentence of P 227 of the June 19th Order has been added at footnote 14 of Attachment K that the proposed transmission project is not to contravene "state or local laws or regulations with respect to construction of transmission facilities."

The Order further requires that the SERTP Sponsors must either remove or provide further justification regarding their proposal that a new substation interconnecting existing transmission facilities would be considered an upgrade. Order, P 240. The Jurisdictional SERTP Sponsors have revised Section 15.2 to remove that proposal.

The Order also requires that a provision in the January 14th Compliance Filing that provided that nothing precludes the transmission provider from building new transmission facilities located in its local footprint "and/or" that are not submitted for RCAP must be revised to provide that the new transmission facilities must be located in the its local footprint "and" are not submitted for RCAP. Order, P 241. Upon review, the SERTP Sponsors are concerned that including such a revised statement would cause confusion because, for example, by negative implication it might be construed to indicate a limitation on the transmission provider's ability to pursue negotiated/merchant transmission projects outside of its local footprint. To prevent such potential confusion, the Jurisdictional SERTP Sponsors have simply deleted the referenced sentence that was found in the first paragraph under the "Regional Transmission Planning."

2. Qualification Criteria

The Order generally approves the SERTP Sponsors' proposed qualification criteria but requires that the SERTP Attachment Ks be revised "to state that the information required for assigning rating equivalents must be submitted by unrated transmission developers, as applicable." Order, P 282. Section 14.1(2)(C)(ii) has been revised to provide that the specified information is required "as applicable," and Section 14.1(2)(C)(ii)(A) has been revised to provide that audited financial statements are to be provided "if available." Section 14.1(4) has also been revised in accordance with the Order's directive that the Jurisdictional SERTP Sponsors must remove the proposed requirement that a transmission developer must be in existence for at least three years. *See* Order, P 283.

3. Information Requirements

The Order generally accepts the SERTP Sponsors' information requirements but holds that it is inappropriate to require transmission developers and stakeholders who propose a project for RCAP but who do not want to be the developer to provide detailed technical analysis of how the proposed project addresses the specified transmission needs. Order, P 306. Instead, the Order finds that it is appropriate to provide that such developers and stakeholders may voluntarily provide such analysis. *Id.* Accordingly Section 16.1(5) has been revised to provide that the documentation to be provided "may include" such technical analysis.

4. Evaluation Process for Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation

a. Financial Requirements

The terms "Acceptable to the Beneficiaries" has been removed from the heading for Section 17.3 in accordance with the requirements of Paragraph 339 of the Order.

b. Cost Benefit Analysis

While accepting the Jurisdictional SERTP Sponsors' use of planning-level cost estimates determined by them to perform the initial, high-level analysis, the Order directs that the Jurisdictional SERTP Sponsors must provide transmission developers "a detailed explanation of any adjustments made to the transmission developer's costs estimates…" Order, P 355. Section 17.2.2 has been so revised.[17]

The Order also requires that the Jurisdictional SERTP Sponsors establish: the number of days within which they will notify the transmission developer of the results of the benefit-to-cost analyses, the number of days between when the developer has been notified that it has passed each cost-benefit test and when the developer must provide detailed financial data, and a deadline for the creation of a schedule for when the developer must provide detailed financial information for a project that satisfies the initial benefit-to-cost analysis. Order, PP 356-57. Accordingly, Sections 17.2.4 and 17.3.2. have been revised to establish that the developer will be notified within 30 days of the transmission provider determining the outcome of a cost benefit analysis. In addition, Section 17.2.4 has been revised to provide that the developer and the Impacted Utilities will have 90 days to establish the referenced schedule following the notification to the developer that the project satisfies the initial benefit-to-cost analysis.

c. Evaluation Process and Standards

The Order requires the Jurisdictional SERTP Sponsors to eliminate their discretion to consider the evaluation factors. Order, P 379. Accordingly, Section 11.2.1 has been revised to replace "may" with "shall." The Order also requires the Jurisdictional SERTP Sponsors to describe how they will identify alternative transmission projects that would be required in lieu of the proposed regional transmission project for purposes of calculating the benefits of the proposed project. Order, P 382. To comply with this directive, Section 17.1(3) of Attachment K has been revised to provide that "[t]he Transmission Provider will identify and evaluate such an alternative transmission project(s) consistent with Sections 6 and 11." In this regard, the Coordination provisions of Section 6 describe the bottom-up transmission planning processes and coordination with other SERTP Sponsors and interconnected systems used by some of the SERTP Sponsors (Southern and OVEC) to develop transmission projects while Section 11 describes the regional analysis that the SERTP Sponsors will perform to identify and evaluate potentially more efficient or cost effective transmission solutions. As to LG&E/KU and Duke, the first reference will be to relevant section(s) of their planning attachment that describe their bottom-up planning processes.

[17] Since such a detailed explanation cannot be provided unless the transmission developer has provided a detailed cost estimate, the language adopted notes that such a detailed cost estimate would need to be provided.

d. Financial, Collateral, and Damage Provisions

While recognizing that it may be appropriate for a transmission developer to bear responsibility for costs associated with its delay or abandonment of its project,[18] the Order requires the Jurisdictional SERTP Sponsors to remove the section from their tariff that would have held the developer so responsible. Order, P 416. Accordingly, Section 20.3 has been removed from Attachment K.

The Order finds that the SERTP Sponsors' proposal to require developers having less than a BBB+ rating or rating equivalent to provide and maintain collateral equal to the cost of the project is unreasonable, requiring the Jurisdictional SERTP Sponsors to either remove or revise these provisions to provide more reasonable requirements. Order, P 417. In accordance with the foregoing, Section 22.1.2 has been revised to provide that a transmission developer having less than a BBB+ credit rating or rating equivalent must provide security in an amount equal to 25% of the total costs of the transmission developer's project. The reasonableness of this 25% criterion is demonstrated by comparison to the Miller Act, 40 U.S.C. § 3131(b), and its implementing regulations. The Miller Act protects against possible delay or abandonment by contractors in the performance of federal public work projects in excess of $100,000 and protects their subcontractors and suppliers so as to ensure their continued participation in public works. Specifically, the Miller Act provides that:

> Before any contract of more than $100,000 is awarded for the construction, alteration, or repair of any public building or public work of the Federal Government, a person must furnish to the Government the following bonds, which become binding when the contract is awarded:
>
> (1) PERFORMANCE BOND.—A performance bond with a surety satisfactory to the officer awarding the contract, and in an amount the officer considers adequate, for the protection of the Government.
>
> (2) PAYMENT BOND.—A payment bond with a surety satisfactory to the officer for the protection of all persons supplying labor and material in carrying out the work provided for in the contract for the use of each person. <u>The amount of the payment bond shall equal the total amount payable by the terms of the contract</u> unless the officer awarding the contract determines, in a writing supported by specific findings, that a payment bond in that amount is

[18] Order, P 414.

> impractical, in which case the contracting officer shall set the amount of the payment bond.[19]

The implementing regulations further provide that for contracts exceeding $150,000, the amount of such performance bonds and payment bonds generally must equal:

> (i) 100 percent of the original contract price; and
>
> (ii) If the contract price increases, an additional amount equal to 100 percent of the increase.[20]

As the security contemplated by Section 22.1.2 is similarly designed to protect consumers against the risks of the nonperformance by the transmission developer related to the development of significant, regional public utility infrastructure, the Miller Act demonstrates the reasonableness of a security that does not exceed 100% of the project's costs. As the proposed 25% is far below that ceiling amount, the SERTP Sponsors submit that it should be accepted.

The Order also requires the Jurisdictional SERTP Sponsors to revise their Attachment Ks to remove their discretion in applying the collateral requirements to all transmission developers. Order, P 418. In accordance with that requirement, Sections 22.4.1 and 22.4.2 have been revised to replace "may" with "shall."

5. Cost Allocation for Transmission Projects Selected in the Regional Transmission Plan for Purposes of Cost Allocation

The Order accepts the SERTP Sponsors' mechanism that allows an incumbent or nonincumbent transmission developer the right to use the RCAP mechanism for projects proposed for RCAP by stakeholders who do not intend to develop the project. Order, P 431. However, the Order cites Order No. 1000's requirement that regions are to "'have a fair and not unduly discriminatory mechanism to grant to an incumbent … or nonincumbent transmission developer the right to use the regional cost allocation method for unsponsored transmission facilities selected in the regional plan for cost allocation," with the Order then requiring the Jurisdictional SERTP Sponsors to establish such a mechanism. Order, PP 432-433.

Accordingly, the Jurisdictional SERTP Sponsors propose to add the following at the end of Section 16.6 of their Attachment Ks:

> Furthermore, should the Transmission Provider identify in the regional transmission planning process a regional transmission project that is selected in the regional transmission plan for RCAP that does not have a transmission developer that intends or is able

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[19] 40 U.S.C. § 313(b) (emphasis added).

[20] 48 C.F.R. § 102-2(b).

> to develop the project, the Transmission Provider will identify such project on the Regional Planning Website. A prequalified transmission developer that desires to develop the project, whether incumbent or non-incumbent, may then propose the transmission project pursuant to Sections 15 and 16, as the intended transmission developer for the project's on-going consideration in a regional transmission plan for RCAP.

F. Cost Allocation

With regard to Regional Cost Allocation Principle 1, the Order finds that the SERTP Sponsors' proposed cost allocation metrics represent "a reasonable approximation of the benefits that a transmission facility selected in the regional plan for [RCAP] may provide…" Order, P 461. However, the Order requires that the proposed definition of "Beneficiaries" must be revised to include all of the SERTP's cost allocation metrics. *Id.* In accordance with this directive, the definition of Beneficiaries found at footnote 5 of Attachment K has been revised to provide that Beneficiaries are the Enrollees identified pursuant to the SERTP's evaluation and selection for RCAP found "to potentially receive cost savings (associated with the regional cost allocation components in Section 18) due to the transmission developer's proposed transmission project for possible selection in a regional transmission plan for regional cost allocation purposes ("RCAP")." As noted in the SERTP Sponsors' July 21st Request for Rehearing, the primary effect of expanding the definition of Beneficiaries to effectively include all of the SERTP's cost allocation metrics is to mean that an Enrollee will be a Beneficiary even if its only projected benefit is reduced losses. July 21st Request for Rehearing, at 17. As further explained in that pleading, even though the reduction of losses may result in significant cost savings, this is not always the case. "This requirement could thereby result in an Enrollee having to go through all of the administrative, internal and external approval processes associated with being found to be a Beneficiary on an RCAP project even if the Enrollee is estimated to only receive a *de minimis* or otherwise limited amount of benefits/reduction in energy losses." *Id.*

Consistent with the foregoing, the SERTP Sponsors propose to revise Section 17.2.3 to provide that "[i]f the estimated changes in real power transmission losses is less than 1 MW on a given transmission system of an Impacted Utility no cost savings and/or cost increase for change in real power transmission losses on such system will be assigned to the proposal." Importantly, this exemption applies to both projected costs savings and cost increases, and does not impact whether the full costs of a transmission project selected in a regional plan for RCAP would be allocated.

The Order also directs the Jurisdictional SERTP Sponsors to clarify how they will determine the Beneficiaries for a transmission project that displaces projects previously selected for RCAP in a regional plan. Order, P 462. Consistent with the guidance provided in the Order that the SERTP Sponsors could clarify that the beneficiaries for the original RCAP project that is being displaced could be "allocated costs for the displaced regional transmission project in accordance with the regional cost allocation method,"[21] the Jurisdictional SERTP Sponsors hereby propose to revise Section 18(2) to include the following language:

> More specifically, if a regional transmission project addresses the same transmission need(s) as a transmission project selected in a regional transmission plan for RCAP and displaces the original RCAP project as a more efficient or cost effective alternative, this cost allocation component will be based upon the costs of the original RCAP project that were to be allocated to the Beneficiaries in accordance with the application of the regional cost allocation method to the transmission project being displaced.

The Order further finds that the SERTP Sponsors' cost allocation methodology did not satisfy Regional Cost Allocation Principle 4's requirement that the regional planning process must identify the consequences of a transmission facilities selected in the regional plan for RCAP for other transmission planning regions and whether the SERTP Sponsors have agreed to bear the costs of such upgrades in other regions. Order, P 466. In compliance with the directive, the Jurisdictional SERTP Sponsors have adopted a new Section 17.5.2 that provides that for projects selected for inclusion in an SERTP regional plan for RCAP, the SERTP Sponsors will perform an analysis to determine potential impacts on adjacent, neighboring transmission planning regions, and if such impacts are found, will coordinate with those regions on any further evaluation. The costs associated with any required upgrades identified in such neighboring regions will not be accepted for RCAP within the SERTP.

The Order also directs that the SERTP Sponsors' provisions providing for the reevaluation and possible modification of a cost allocation determination must "state that all prudently incurred costs will be fully allocated in subsequent planning cycles." Order, P 468. In compliance with that directive and Order No. 1000, the following language has been added to Section 19.3: "All prudently incurred costs of the regional transmission project will be allocated if the project remains selected in the regional plan for RCAP and is constructed and placed into service."

The last directive in the Order requires the Jurisdictional SERTP Sponsors to revise their Attachment Ks to provide that they will provide adequate documentation to allow stakeholders to determine how the RCAP method and data requirements for determining benefits and identifying beneficiaries were applied. Order, P 469. In compliance with that directive, Section 17.5.1 has been so revised.

III. REQUEST FOR WAIVER

The Jurisdictional SERTP Sponsors are making this filing in compliance with the Commission's directives in June 19th Order. By making this filing in compliance with that

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[21] *Id.*

Order, the Jurisdictional SERTP Sponsors understand that they have hereby satisfied any of the Commission's filing requirements that might apply. Should any of the Commission's regulations (including filing regulations) or requirements that we may not have addressed be found to apply, the Jurisdictional SERTP Sponsors respectfully request waiver of any such regulation or requirement. In particular, should (and to the extent) that the Commission might consider certain aspects of this filing to being made under FPA Section 205, the Jurisdictional SERTP Sponsors request that the Commission waive the pertinent filing regulations and allow the pertinent Tariff records to become effective, without suspension or hearing, no later than the date of this filing. Good cause exists for the granting of such waiver so as to allow for the timely implementation of Order No. 1000's requirements.

IV. SERVICE

The Jurisdictional SERTP Sponsors are serving an electronic copy of this filing on the relevant Service Lists. In addition, this filing is being posted on the SERTP website, and the Jurisdictional SERTP Sponsors are posting an electronic copy of this filing on their OASIS or websites.

V. LIST OF DOCUMENTS

The following is a list of documents submitted with this filing:

(a) This transmittal letter including the following Exhibits:

(i) Exhibit 1: Major SERTP Transmission Lines;

(ii) Exhibit 2: Distances Between Major SERTP Load Areas;

(b) A Clean Tariff Attachment for Attachment K for posting in eLibrary; and

(c) A Marked Tariff Attachment for Attachment K for posting in eLibrary.

VI. COMMUNICATIONS

Communications concerning this filing should be directed to the undersigned attorneys or following representatives of the Jurisdictional SERTP Sponsors:

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Docket No. ER13-83

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Kentucky Utilities Company and Louisville Gas and Electric Company
Docket No. ER13-897

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Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation
Docket No. ER13-913

Mr. Scott Cunningham
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Docket No. ER13-908

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Sincerely,

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Exhibit 1

Major SERTP Transmission Lines

The following table provides a list of “as built” transmission lines built to operate at a voltage of 300 kV or higher, span at least 50 miles in length, and terminate in the SERTP region.

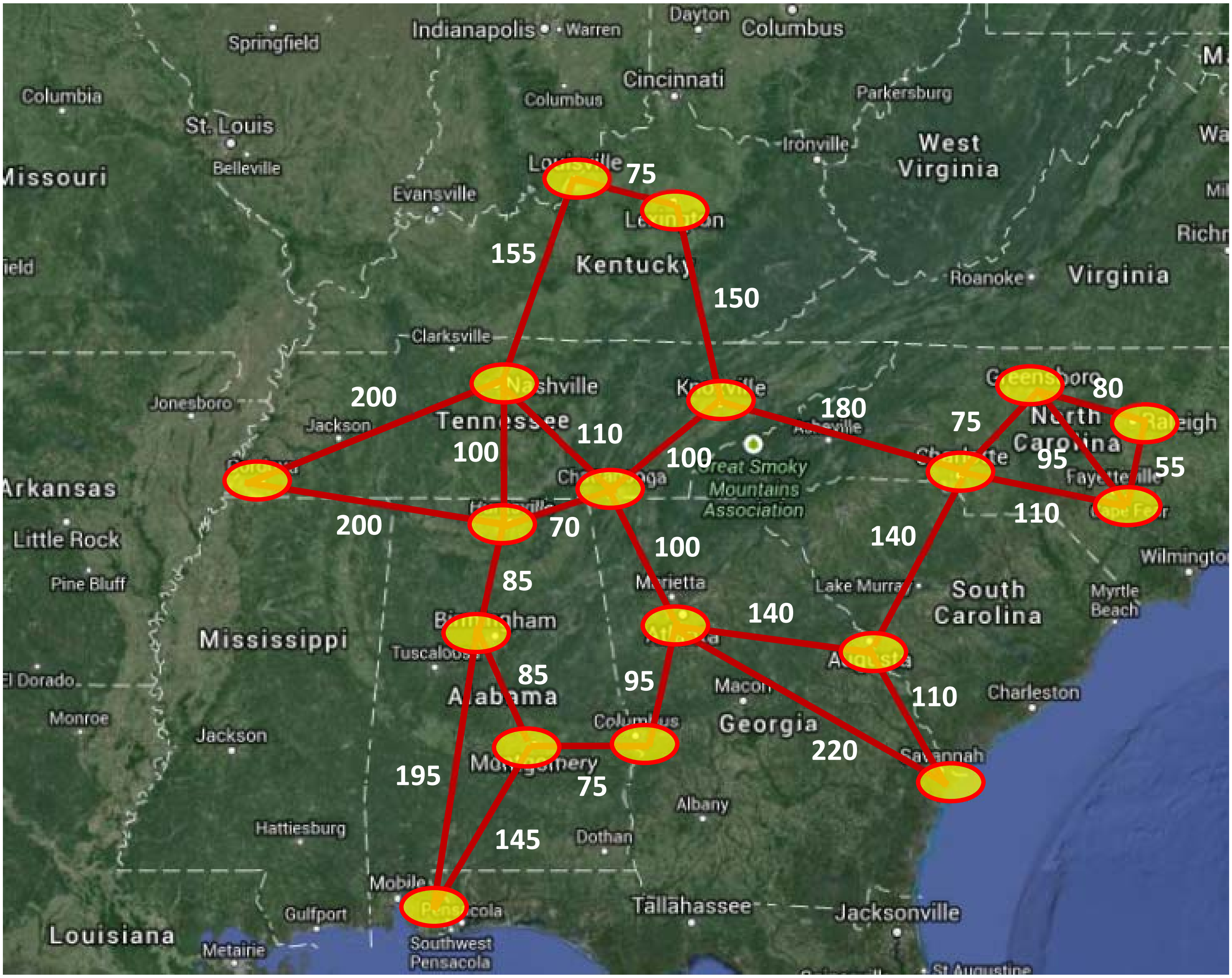
No.	Transmission Line Name	Approximate Mileage
1	Vogtle - Thalmann 500 kV	161
2	Vogtle - Scherer 500 kV	155
3	Daniel - McKnight 500 kV	151
4	Hatch - Duval 500 kV	126
5	Widows Creek - Bulls Run 500 kV	138
6	Kyger - Pierce 345 kV	120
7	Jocasee - McGuire 500 kV	120
8	Johnsonville – Cordova 500 kV	119
9	Browns Ferry - West Point 500 kV	118
10	N Tifton - Fortson 500 kV	117
11	Browns Ferry - Union 500 kV	112
12	Wake - Carson 500 kV	109
13	Oconee - Newport 500 kV	108
14	Jackson Ferry - McGuire 500 kV	108
15	Norcross - Oconee 500 kV	102
16	Farley - Snowdoun 500 kV	97
17	Farley - North Tifton 500 kV	94
18	Klondike - Bonaire 500 kV	94
19	Volunteer - Watts Bar 500 kV	94
20	South Bessemer - Snowdoun 500 kV	93
21	Blackberry - Sportsman 345 kV	93
22	Bonaire - Hatch 500 kV	90
23	West Garrku - Pineville 345 kV	90
24	Browns Ferry - Maury 500 kV	87
25	Widows Creek - East Point 500 kV	87
26	McGuire - Pleasant Garden 500 kV	83
27	Hatch - North Tifton 500 kV	82
28	Richmond - Newport 500 kV	81
29	Thalmann - Duval 500 kV	79
30	Marshall KY - Cumberland 500 kV	78
31	Miller - Lowndes 500 kV	76
32	Fairport - Cooper 345 kV	75
33	Pierce - Department of Energy X-530 #1 345 kV	72
34	Pierce - Department of Energy X-530 #2 345 kV	72
35	Brown North - Hardin County 345 kV	70
36	Clifty Creek - Pierce #1 345 kV	70

37	Clifty Creek - Pierce #2 345 kV	70
38	Bowen - Bradley 500 kV	68
39	Cumberland - Wake 500 kV	67
40	Fletcher - Gobbler Knob 345 kV	67
41	Hardin County - Smith 345 kV	66
42	Volunteer - Phipps Bend 500 kV	65
43	Hatch - Thalmann 500 kV	65
44	Maury TN - Franklin TN 500 kV	64
45	Franklin TN - Sequoyah NP 500 kV	63
46	Fortson - Wansley 500 kV	60
47	Clifty Creek - Buffington 345 kV	58
48	Bowen - Union City 500 kV #1	58
49	Cumberland - Richmond 500 kV	57
50	Bowen - Union City 500 kV #2	56
51	New Madrid - Dell AECC 500 kV	55
52	McCredie - Thomas Hill 345 kV	55
53	Alcalde - Brown North 345 kV	54
54	Weakley TN - Lagoon Creek SS 500 kV	54
55	Franks - Huben 345 kV	53
56	Paradise - Montgomery 500 kV	52
57	West Lexington - Ghent 345 kV	52
58	O'Hara - Scherer 500 kV	52
59	Shawnee FP - East West Frankfort 345 kV	52
60	O'Hara - Wansley 500 kV	51
61	Kyger Creek - Department of Energy X-530 #1 345 kV	50
62	Kyger Creek - Department of Energy X-530 #2 345 kV	50
63	Pleasant Garden - Parkwood 500 kV	50

Exhibit 2

Distances Between Major SERTP Load Areas

The following map depicts the locations of the major load areas located within the SERTP region as well as the approximate shortest distances to the next two major load areas within the SERTP region.



ATTACHMENT N-1

TRANSMISSION PLANNING PROCESS
(Progress Zone and Duke Zone)

1. INTRODUCTION

Duke Energy Carolinas, LLC (Duke) and Duke Energy Progress, Inc. (Progress) (sometimes referred to individually as "Company" and collectively "Companies"), entities with transmission facilities located in the states of North Carolina and South Carolina, ensure that their entire Transmission Systems (i.e., both the portions located in North Carolina and the portions located in South Carolina) are planned in accordance with the local transmission planning requirements imposed by Order Nos. 890 and 1000 through the process developed by the North Carolina Transmission Planning Collaborative (NCTPC Process or Local Planning Process). The NCTPC was formed by the following load serving entities (LSEs) in the State of North Carolina: Duke, Progress, ElectriCities of North Carolina (ElectriCities), and the North Carolina Electric Membership Corporation (NCEMC) (collectively, NCTPC Participants or Participants).

The Companies ensure that their Transmission Systems are planned in accordance with the regional planning requirements imposed by Order No. 1000 through participation in the Southeastern Regional Transmission Planning Process (SERTP or SERTP Process).

In addition to engaging in local transmission planning through the NCTPC Process and regional transmission planning through the SERTP Process, the Companies engage in additional coordination activities with transmission providers located inside and outside their region, as discussed in Section 11. Such activities include participation in SERC Reliability Corporation (SERC), which focuses on reliability assessments. The SERTP engages in interregional coordination as described in Attachment N-1 – FRCC, Attachment N-1 – MISO, Attachment N-1 – PJM, Attachment N-1 – SCRTP, and Attachment N-1 – SPP.

Unless noted otherwise, Section references in this Attachment N-1 refer to Sections within this Attachment N-1.

PART I -- LOCAL PLANNING PROCESS

2. NCTPC PROCESS OVERVIEW INCLUDING THE PROCESS FOR CONSULTING WITH TAG PARTICIPANTS

The NCTPC will annually develop a single, coordinated local transmission plan (Local Transmission Plan) that appropriately balances costs, benefits, and risks associated with the use of transmission, generation, and demand-side resources to meet the needs of LSEs as well as Transmission Customers under this Tariff.

2.1 The North Carolina Transmission Planning Collaborative Participation Agreement (Participation Agreement) governs the NCTPC and the NCTPC Process. The Participation Agreement is located on the NCTPC Website (http://www.nctpc.org/nctpc/).

2.2 The NCTPC Process is summarized in a document entitled *North Carolina Transmission Planning Collaborative Process* that is located on the NCTPC Website.

2.3 Participation in the NCTPC

2.3.1 Pursuant to the *Participation Agreement*, the NCTPC has three components: the Oversight/Steering Committee (OSC), the Planning Working Group (PWG), and the Transmission Advisory Group (TAG).

2.3.2 Eligibility for participation in the three NCTPC components is as follows:

2.3.2.1 The appointment of OSC members by the NCTPC Participants is governed by the *Participation Agreement*. The qualifications required to serve on the OSC are set forth in a document entitled *Scope - Oversight/Steering Committee* that is located on the NCTPC Website.

2.3.2.2 The appointment of PWG members by the NCTPC Participants is governed by the *Participation Agreement*. The qualifications required to serve on the PWG are set forth in a document entitled *Scope - Planning Working Group* that is located on the NCTPC Website.

2.3.2.3 Anyone may participate in TAG meetings and sign-up to receive TAG communications. The TAG is comprised of TAG participants. An employee or agent of a NCTPC Participant who 1) performs or supervises transmission planning activities or 2) is a member of the OSC or PWG may not be a TAG participant, but employees or agents of NCTPC Participants that perform activities other than transmission planning activities may be TAG participants.

2.4 Responsibilities and Decision-Making of NCTPC Components

The responsibilities of the components within the NCTPC are determined by the *Participation Agreement* and/or the OSC. Decision-making likewise is established in the *Participation Agreement*, or by policies established by the OSC.

2.4.1 Oversight/Steering Committee

2.4.1.1 The OSC is responsible for overseeing and directing all the activities associated with this NCTPC Process. A list of the OSC's responsibilities is found in *Scope - Oversight/Steering Committee.*

2.4.1.2 OSC decision-making is governed by the *Participation Agreement.*

2.4.1.3 Officers of the OSC are selected in the manner set forth in the *Participation Agreement.*

2.4.2 Planning Working Group

2.4.2.1 The PWG is responsible for developing and performing the appropriate simulation studies to evaluate the transmission conditions in the Participants' service territories and recommend a coordinated solution for the various transmission limitations identified in the studies. A list of the PWG's responsibilities is found in *Scope - Planning Working Group*.

2.4.2.2 PWG decision-making is governed by the *Participation Agreement.*

2.4.2.3 Officers of the PWG are selected in the manner set forth in the *Participation Agreement.*

2.4.3 Transmission Advisory Group

2.4.3.1 The purpose of the TAG is to provide advice and recommendations to the NCTPC Participants to aid in the development of an annual Local Transmission Plan. The TAG participants may propose economic studies for evaluation as described in Section 4.2.2 hereof. The TAG participants select which of those projects should be evaluated through the TAG Sector Voting Process. The TAG participants also provide input on the annual study scope elements of the Local Transmission Plan Development, including input on the following: Study Assumptions; Study Criteria; Study Methodology; Technical Analysis and Study Results; Assessment and Problem Identification; Assessment and Development of Solutions (including proposing alternative solutions for evaluation); Comparison and Selection of the Preferred Transmission Plan; and the Local Transmission Plan Report. A full list of the TAG's responsibilities is found in *Scope - Transmission Advisory Group*, which is located on the NCTPC Website.

2.4.3.2 The OSC chair will chair the TAG meetings and serve as a facilitator for the group. TAG decision-making is by consensus among the TAG participants. However, in the event consensus cannot be reached, voting will be conducted through the TAG Sector Voting Process. The OSC chair will provide notice to the TAG participants in advance of the TAG meeting that specific votes will be taken during the TAG meeting.

2.4.3.3 Only TAG participants attending the meeting (in person or by telephone) will be allowed to participate in the TAG Sector Voting Process. No voting by proxy is permitted.

2.4.4 TAG Sector Voting Process.

2.4.4.1 In order for a TAG participant to participate in the TAG Sector Voting Process, the TAG participant must have registered with the Companies at least two weeks prior to the first meeting at which the TAG participant intends to vote. Such web-based registration will require the TAG participant to provide the following information to the Companies: name, home or business address, place of employment (if any), email address (if any), and telephone number. The registration form will require the TAG participant to indicate whether the TAG participant is registering as an "Individual" or as an agent or employee of a "TAG Sector Entity." If the TAG participant registers as an agent, member, or employee of a TAG Sector Entity, s/he must identify such TAG Sector Entity. An individual TAG participant may register as an agent, member, or employee of more than one TAG Sector Entity.

2.4.4.2 A TAG Sector Entity may be any organized group (e.g., corporation, partnership, association, trust, agency, government body, etc.) but cannot be an individual person. A TAG Sector Entity may be a member of only one TAG Sector. A TAG Sector Entity and its affiliates or member organizations all may register as separate TAG Sector Entities, as long as such affiliates or member organizations meet the definition of a TAG Sector Entity.

2.4.4.3 A TAG Sector Entity should elect to be a member of one of the following TAG Sectors: Cooperative LSEs (that serve load in the NCTPC footprint); Municipal LSEs (that serve load in the NCTPC footprint); Investor-Owned LSEs (that serve load in the NCTPC footprint); Transmission Providers/Transmission Owners (that are not LSEs in the NCTPC footprint); Transmission Customers (a customer taking Transmission Service from at least one Company in the NCTPC); Generator Interconnection Customers (a customer taking FERC- or state-jurisdictional generator interconnection service from at least one of the Companies in the NCTPC); Eligible Customers and Ancillary Service Providers (includes developers; ancillary service providers; power marketers not currently taking transmission service; and demand response providers); and General Public. An Individual is only eligible to join the General Public Sector.

2.4.4.4 Only one individual TAG participant that has registered as an agent or employee of a TAG Sector Entity may vote on behalf of a particular TAG Sector Entity with regard to any particular vote. An individual TAG participant may vote on behalf of more than one TAG Sector Entity, if authorized to do so. Questions to be voted on will be answerable with a Yes or No.

2.4.4.5 If a vote is to be taken, each TAG Sector that has at least one TAG Sector Entity representative, or at least one Individual or TAG Sector Entity representative in the case of the General Public Sector, present will receive a Sector Vote with a worth of 1.00. A Sector Vote is divisible. The vote of each TAG participant eligible to vote in a Sector Vote is not divisible. The vote of each TAG participant in a TAG Sector will be multiplied by 1.00 divided by the total number or TAG participants voting in such Sector to determine how the Sector Vote with a total worth of 1.00 will be allocated between "Sector Yes Votes" and "Sector No Votes." That is, each Sector Vote will be allocated such that the Sector Yes Vote(s) and Sector No Vote(s) totals 1.00. The Sector Yes Vote and Sector No Vote for each TAG Sector will then each be weighted by multiplying each of them by 1.00 divided by the number of TAG Sectors participating in the relevant vote. The results will be called "Weighted Sector Yes Vote" and "Weighted Sector No Vote." The winning position will be the larger of the Weighted Sector Yes Vote and Weighted Sector No Vote. Appendix 3 contains an example of the voting process.

2.5 Participation of State Regulators

State regulators, including state-sanctioned entities representing the public, like other members of the public, may choose to be TAG participants. State public utility regulatory commissions also may seek to receive periodic status updates and the progress reports on the NCTPC Process. State public utility regulatory commissions may be TAG Sector Entities in the General Public Sector.

3. NOTICE PROCEDURES, MEETINGS, AND PLANNING-RELATED COMMUNICATIONS

All information regarding local transmission planning meetings and communications are located on the NCTPC Website.

3.1 Notice

3.1.1 Notice of all meetings of a component (TAG, PWG, OSC) will be by email to such component. All TAG meeting notices and agendas will be posted on the NCTPC Website.

3.1.2 Information about signing up to be a TAG participant and to receive email communications is posted on the NCTPC Website.

3.1.3 The OSC will publish highlights of its meetings on the NCTPC Website.

3.2 Location

3.2.1 The location of an OSC or PWG meeting will be determined by the component.

3.2.2 The location of a TAG meeting will be determined by the OSC.

3.2.3 Conference call dial-in technology will be available for meetings upon request.

3.3 Meeting Protocols

3.3.1 OSC

3.3.1.1 The OSC chair schedules meetings, provides notice, ensures that meeting minutes are taken, develops the agenda, chairs the meetings.

3.3.1.2 The OSC generally will meet at least monthly, and more frequently as necessary.

3.3.1.3 OSC meetings are open to the OSC members, their alternates, PWG members, and, if approved, guests.

3.3.2 PWG

3.3.2.1 The PWG chair schedules meetings, provides notice, ensures that meeting minutes are taken, develops the agenda, and chairs the meetings.

3.3.2.2 The PWG generally meets at least monthly, and more frequently as necessary.

3.3.2.3 PWG meetings are open to the PWG members, the OSC (and their alternates), and, if approved, guests.

3.3.3 TAG

3.3.3.1 TAG meetings are chaired and facilitated by the OSC chair.

3.3.3.2 The TAG generally meets four times a year.

3.3.3.3 Meetings of the TAG generally are open to the public, i.e., TAG participants. When necessary, TAG meetings may be restricted to TAG participants that are qualified to receive Confidential Information.

3.3.3.4 A yearly meeting and activity schedule is proposed, discussed with, and provided to TAG participants annually.

4. DESCRIPTION OF THE LOCAL PLANNING PROCESS

The NCTPC Process is a coordinated local transmission planning process. The entire, iterative process ultimately results in a single Local Transmission Plan that appropriately balances the costs, benefits and risks associated with the use of transmission, generation, and demand-side resources. The Local Transmission Plan will identify local transmission projects (Local Projects). A Local Project is defined as a transmission facility that is (1) located solely within the combined Duke-Progress transmission system footprint and (2) not selected in the regional transmission plan for purposes of regional cost allocation.

In order to ensure comparability, customers taking Network Transmission Service are expected to accurately reflect their demand response resources appropriately in their annual load forecast projections. Customers taking Point-to-Point Transmission Service are expected to accurately reflect their demand response resources in submitting their requests for Transmission Service and in submitting information about potential needs for Point-to-Point Transmission Service. Eligible Customers providing information about potential needs for Point-to-Point Transmission Service are expected to accurately reflect their demand response resources in submitting information. To the extent a TAG participant has a demand response resource or a generation resource that the TAG participant desires the NCTPC to specifically consider as an alternative to transmission expansion, or otherwise in conjunction with the NCTPC Process, such TAG participant sponsoring such demand response resource or generation resource shall provide the necessary information (cost, performance, lead time to install, etc.) in order for the NCTPC to consider such demand response resource or generation resource alternatives comparably with other alternatives.

4.1 Overview of Local Planning Process

The Local Planning Process addresses transmission upgrades needed to maintain reliability and to integrate new generation resources and/or loads. The Local Planning Process includes a base reliability study (base case) that evaluates each Transmission System's ability to meet projected load with a defined set of resources as well as the needs of firm point-to-point customers, whose needs are reflected in their transmission contracts and reservations. A resource supply analysis also is conducted to evaluate transmission system impacts for other potential resource supply options to meet future load requirements. The final results of the Local Planning Process include summaries of the estimated costs and schedules to provide any transmission upgrades and/or additions needed to maintain a sufficient level of reliability necessary to serve customers. Throughout the Local Planning Process, TAG participants (including TAG participants representing transmission solutions, generation solutions, and solutions utilizing demand resources) may participate.

The following are the steps in the Local Planning Processes

4.1.1 Each year, the OSC will initiate the process to develop the annual Local Transmission Plan.

4.1.2 The OSC will provide notice of the commencement of the process to develop the annual Local Transmission Plan via e-mail to the TAG and posts a notice on the NCTPC Website.

4.1.3 The process will allow for flexibility to make modifications to the development of the Local Transmission Plan throughout the year as needs change, new needs arise, or new solutions to problems are identified.

4.1.4 The schedule for all of the activities will be set by the PWG and OSC, but will vary from year to year. The basic order of events is as set forth in Section 5, although the planning process is an iterative one. A list of relevant dates established for the planning cycle will be posted on the NCTPC website.

4.2 Overview of Local Economic Study Process

4.2.1 The Local Economic Study Process is the process that allows the TAG participants to propose economic upgrades to be studied as part of the Local Planning Process. The Local Economic Study Process evaluates the means to increase transmission access to potential supply resources inside and outside the Control Areas of the Companies. This economic analysis provides the opportunity to study what transmission upgrades would be required to reliably integrate new resources.

4.2.2 The Local Economic Study Process begins with the TAG participants proposing scenarios and interfaces to be studied. The information required and the form necessary to submit a request as well as the submittal deadline is reviewed and discussed with the TAG participants early in the annual planning cycle. The form is posted on the NCTPC Website. The PWG will determine if it would be efficient to combine and/or cluster any of the proposed scenarios and will also determine if any of the proposed scenarios are of a Regional nature. The OSC will direct the TAG participants to submit the Regional study requests to the SERTP. Throughout the Local Economic Study Process, TAG participants (including TAG participants representing transmission solutions, generation solutions, and solutions utilizing demand resources) may participate.

4.2.2.1 The OSC will review the PWG analysis, approve the compiled study list, and provide the study list to the TAG. For the study scenarios that impact the NCTPC footprint, but are not Regional in nature, the TAG participants will select a maximum of three scenarios that will be studied within the current NCTPC planning cycle. If consensus cannot be reached as to which scenarios to study, the choice will be resolved through the TAG Sector Voting Process. The TAG participants may request that the three scenarios be combined or clustered.

4.2.2.2 There will be no charge to the TAG participants for the three studies selected by the TAG participants. However, if a particular TAG participant wants the NCTPC to evaluate a scenario that was not chosen by the TAG participants, then the TAG participant can request to have the NCTPC conduct the study. The NCTPC will evaluate this request and will conduct the study if the study can be reasonably accommodated, however the cost of conducting this additional study will be allocated to that specific TAG participant.

4.2.2.3 The final results of the Local Economic Study Process include the estimated costs and schedules to provide the increased transmission capabilities. The Local Economic Study Process results are reviewed and discussed with the TAG participants.

4.3 Overview of Process to Identify If Any Public Policies Exist that Drive Local Transmission Needs.

4.3.1 Each year, the OSC will determine if there are any public policies driving the need for local transmission.

4.3.1.1 The OSC will seek input (e.g. written comments) prior to the first TAG meeting of the Local Planning Process cycle (TAG Meeting 1) from TAG participants, asking that they identify any public policies that are driving the need for local transmission, pursuant to the criteria below.

4.3.1.2 The OSC may itself identify public policies that are driving the need for Local Projects.

4.3.1.3 There will be a discussion at the TAG Meeting 1 as to whether there are public policies that are driving the need for Local Projects.

4.3.2 Criteria for determining if public policy drives local transmission need.

4.3.2.1 Public policy must be reflected in state, federal, or local law or regulation (including order of a state, federal, or local agency).

4.3.2.2 Existence of facts showing that the identified need cannot be met absent the construction of additional transmission facilities.

Deleted: public policy drives a physical transmission system delivery capacity requirement that must be fulfilled on a reliable basis to satisfy long-term (i.e., one year or more) firm transmission commitment(s).

4.3.3 Within two weeks of TAG Meeting 1, the OSC will post on the NCTPC website an explanation of (1) those transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential transmission projects in the then-current planning cycle; and (2) why other suggested, possible transmission needs driven by Public Policy Requirements proposed by the TAG participants or the OSC were not selected for further evaluation. If one or more public policies are identified as driving local transmission needs, the NCTPC will consider solutions to those needs and TAG participants may suggest projects to meet those needs in accordance with the planning process. If no policies are identified for the planning year, public policy projects cannot be proposed as solutions.

5. CRITERIA, ASSUMPTIONS, AND DATA UNDERLYING THE LOCAL TRANSMISSION PLAN AND METHOD OF DISCLOSURE OF LOCAL TRANSMISSION PLANS AND STUDIES

5.1 Study Assumptions

5.1.1 The PWG will select the study assumptions for the analysis based on direction provided by the OSC.

5.1.2 Once the PWG identifies the study assumptions, they will be reviewed with the TAG participants before the set of final assumptions are approved by the OSC. The process for this dialogue is in-person meetings, written submissions, and/or other forms of communication selected by TAG participants. Input should be provided in the timeframes agreed upon.

5.1.3 The study assumptions shall be set forth in an annual *Study Scope Document.*

5.1.4 The Companies will prepare the base case models. These models will be reviewed with the PWG to ensure that they represent the study assumptions approved by the OSC. TAG participants also may, upon request, review the base case models and provide input to the PWG with regard to whether the models represent the study assumptions approved by the OSC.

5.1.5 The Companies will also develop the necessary change case models as required to evaluate different resource supply scenarios and local economic project scenarios as directed by the OSC. Such change case models will also be reviewed with the PWG to ensure that they represent the study assumptions approved by the OSC. TAG participants also may request to review the change case models and provide input to the PWG with regard to whether the models represent the study assumptions approved by the OSC.

5.2 Study Criteria

5.2.1 The PWG establishes the planning criteria by which the study results will be measured, in accordance with North American Electric Reliability Corporation (NERC) and SERC Reliability Standards and individual Company criteria. TAG participants may review and comment on the planning criteria.

5.2.2 Transmission System planning documents of Duke and Progress will be posted on their respective OASIS sites. Some planning documents may not be posted due to CEII and confidentiality concerns, but will be identified such that they can be requested via the methodology posted on the relevant OASIS.

5.3 Data Collection and Case Development

5.3.1 The most current Multi-Regional Modeling Working Group (MMWG) or SERC Long-Term Study Group model will be used for the systems external to Duke and Progress as a starting point for the base case to be used by both Progress and Duke. The base case will include the detailed internal models for Progress and Duke and will include current transmission additions planned to be in-service for given years.

5.3.2 The following data are relevant to the development of internal models for Progress and Duke:

Load and resource projections provided by network customers (including the native load of the NCTPC Participants);

Confirmed, firm point-to-point transmission service reservations (including rollover rights);

Generation real and reactive capacity data;

Generation dispatch priority data;

Transmission facility impedance and rating data; and

Interchange data adjusted to correctly model transfers associated with designated network resources from outside the Companies' Control Areas.

5.3.3 The Companies collect the necessary planning data and information that are not already in their possession. One element of this data collection process will be the annual collection of data from Network Customers required by this Tariff. Any guidelines, data formats, and schedules for any data and information exchanges will be established by the PWG. Aside from the annual submission of data by Network Customers, the timing of this data collection process is established as part of the development of the annual study work plan that is prepared by the PWG, reviewed with the TAG participants, and approved by the OSC.

5.3.4 TAG participants may provide additional input into the data collection process (i.e., the provision of data not required to be submitted under this Tariff), such as providing information on future point-to-point transmission service scenarios. Such non-required information may be used in the appropriate study process.

5.3.5 Transmission Customers should provide the Companies with timely written notice of material changes in any information previously provided relating to load, resources, or other aspects of their facilities or operations affecting the Company's ability to provide service. Network customers may provide revised versions of previously submitted annual data reporting forms.

5.3.6 Additional cases will be developed as required for different scenarios to evaluate other options to meet load demand forecasts in the study, including where fictitious or as yet undesignated network resources are deemed to be designated. Other cases may be developed and approved by the OSC to evaluate local economic projects, such as predicted future point-to-point transmission uses, as submitted by the TAG participants.

5.3.7 The Case Development details will be identified in the annual *Study Scope Document.*

5.3.8 Sufficient information will be made available, subject to CEII and confidentiality restrictions, to enable TAG participants to replicate the results of planning studies. A TAG participant seeking data and information that would allow it to replicate the NCTPC planning studies should provide such request to the OSC Vice-Chair, who will verify that confidentiality requirements described in Section 9 have been met before providing such information.

5.3.9 Status Reports

The Companies will provide a written report on the status of the Local Projects presented in the previous Local Transmission Plans. A composite update will be posted on the NCTPC Website and will include the following information: the name of the project, the issue it resolves, the name of the relevant Company(s), the original planned in-service date and the current expected in-service date and an explanation of the reasons for any change. This report will be reviewed at the second TAG meeting of the planning cycle (TAG Meeting 2). Cost estimates for Local Projects will also be updated at this time.

5.4 Methodology

5.4.1 The PWG determines the methodologies that will be used to carry out the technical analysis required for the approved studies. The PWG also determines the specific software and models that will be utilized to perform the technical analysis. The study methodology will be identified in the annual *Study Scope Document.* TAG participants may review and comment on the study methodology.

5.5 Technical Analysis and Study Results

5.5.1 The PWG performs the technical analysis in accordance with the OSC approved study methodology and produces the study results.

5.5.2 Results from the technical analysis are reported to identify transmission elements approaching their limits such that all NCTPC Participants are made aware of potential issues and appropriate steps can be identified to correct these issues, including the potential of identifying previously undetected problems.

5.5.3 Study results are made available to the TAG participants for review and comment.

5.6 Assessment and Problem Identification

5.6.1 The Companies provide the summary data identifying the reliability problems and causes resulting from their assessments and comprehensively review the information with the PWG. The PWG evaluates the technical results provided by the Companies to identify problems and issues and reports to the OSC.

5.6.2 TAG participants are provided information relating to technical assessments and problem identification.

5.7 Local Solution Development

5.7.1 The PWG identifies potential solutions to the transmission problems identified (including public policy transmission needs) and will test the effectiveness of the potential solutions through additional analysis as required and ensure that the solutions meet the study criteria previously developed.

5.7.2 TAG participants will have the opportunity to propose alternative transmission, generation and/or demand response solutions. The alternate transmission solutions may include potential solutions that could address reliability, economic and/or public policy transmission needs. TAG participants shall provide the necessary information (cost, performance, lead time to install, etc.) for proposed generation and/or demand response alternative solutions so that they may be compared with other alternatives.

5.7.3 All solution options that satisfactorily resolve an identified transmission problem would be given consideration on a comparable basis.

5.7.4 A solution that is seeking regional cost allocation must be submitted in accordance with the procedures set forth in Part II and will be evaluated through the SERTP Process.

5.7.5 The Companies estimate the costs for each of the proposed local solutions (e.g., cost, cash flow, present value) and develop a rough schedule estimate to implement the solution. This information is reviewed and discussed by the PWG.

5.8 Selection of Preferred Local Transmission Plan

5.8.1 The PWG compares all of the alternatives and selects the preferred solution by balancing the solutions' costs, benefits, and associated risks. Competing solutions will be evaluated against each other based on a comparison of their relative economics, timing, feasibility, and effectiveness of performance.

5.8.2 The PWG selects a preferred set of solutions that provides the most reliable and cost effective solution while prudently managing the associated risks.

5.8.3 The PWG provides the OSC and the TAG participants with their recommendations based on this selection process in order to obtain their input.

5.9 Local Transmission Plan Report

5.9.1 The PWG prepares a draft "Local Transmission Plan Report" based on the study results and the recommended solutions and provides the draft to the OSC for review. The draft Report describes the plan in a manner that is understandable to the TAG participants (e.g., describing any needs, the underlying assumptions, applicable planning criteria, and methodology used to determine the need), rather than simply reporting engineering results. The report includes a comprehensive summary of all the study activities as well as the recommended solutions including estimates of costs and construction schedules.

5.9.2 The OSC forwards the draft Local Transmission Plan Report to the TAG participants for their review and discussion. The PWG members are the technical points of contact that can respond to questions regarding modeling criteria, assumptions, and data underlying the Report. The TAG participants may discuss, question, or propose alternatives for any upgrades identified by the draft Report.

5.9.3 The OSC evaluates the results and the PWG recommendations and the TAG participants' input. The OSC approves the final Local Transmission Plan for posting on the NCTPC Website. The Plan also is posted on the Companies' OASIS and distributed to the TAG participants.

5.9.4 The Local Transmission Plan allows the NCTPC Participants to identify alternative, least-cost resources to include with their respective Integrated Resource Plans. Others can similarly use this information for their own resource planning purposes.

5.9.5 The Local Transmission Plan, and the associated models, serve as the basis for the models that the Companies provide as input to the development of the SERC-wide model as described in Section 11.

5.9.6 The Local Transmission Plan, which reflects the coordination described in Section 11, will be an input into the SERTP Process. Local Projects identified in a Local Transmission Plan may later be removed from a Local Transmission Plan due to, for example, the iterative nature of transmission planning in subsequent planning cycles, additional transmission planning coordination provided through the SERTP Process, or if a project seeking regional cost allocation has been selected in the regional transmission expansion plan to replace a Local Project.

6. NCTPC DISPUTE RESOLUTION MECHANISM

6.1 NCTPC Process Disputes

6.1.1 A Company has the right to reject an OSC decision if it believes that it would harm reliability.

6.1.2 Any NCTPC Participant or TAG participant has the right to seek assistance from the North Carolina Utilities Commission (NCUC) Public Staff to mediate an issue and render a non-binding opinion on any disputed decision.

6.1.3 If the Participants cannot resolve a disputed decision by NCUC Public Staff facilitation, they may seek review from a judicial or regulatory body that has jurisdiction.

6.2 Transmission Siting Disputes

6.2.1 The South Carolina Code of Laws Section 58, Chapter 33 addresses disputes involving utilities' transmission projects that require South Carolina authorization through the certificates of public convenience and necessity process.

6.2.2 NCUC Rule R8-62 addresses disputes involving utilities' transmission projects that require North Carolina authorization through the certificates of public convenience and necessity process.

6.3 Integrated Resource Planning Disputes

6.3.1 The NCUC allows public participation in and may hold hearings regarding matters related to integrated resource planning.

6.3.2 The South Carolina Public Service Commission allows public participation in and may hold hearings regarding matters related to integrated resource planning.

6.4 Other Local Planning Process Disputes

6.4.1 The dispute resolution process provisions included in this Tariff apply to disputes involving compliance with the Commission's local transmission planning obligations set forth in Order No. 890. Any TAG participant, not just a TAG participant that is a Transmission Customer, may avail itself of the dispute resolution provision of the Tariff, as that process is modified below.

6.4.2 If a TAG participant has completed the negotiation step set forth in Section 12.1 of this Tariff, a TAG participant may ask to have the issue mediated on a non-binding basis before the next step (i.e., arbitration) commences. A request for mediation must be made within thirty days of the agreed-upon conclusion of the negotiation step. If the mediation step is concluded without resolution, the disputing party has thirty days to inform the Company(ies) that it seeks to commence the arbitration step set forth in Tariff Section 12.2. If this mediation option is selected, the parties to the dispute will use the Commission's Dispute Resolution Service as the forum for mediation.

6.4.3 Matters over which the Commission does not have jurisdiction, including planning to meet retail native load of the Companies shall not be within the scope of the dispute resolution process of this Tariff.

7. TRANSMISSION COST ALLOCATION FOR LOCAL PROJECTS

7.1 OATT Cost Allocation

With the exception of "Joint Local Reliability Projects" and "Joint Local Economic Projects" nothing in this Attachment is intended to alter the cost allocation policies of the Tariff.

7.2 Joint Local Reliability Project Cost Allocation

7.2.1 A Joint Local Reliability Project is defined as any reliability project that requires an upgrade to a Company's system that would not have otherwise been made based upon the reliability needs of the Company.

7.2.2 An "avoided cost" cost allocation methodology will apply to reliability projects where there is a demonstration that a Local Project meets the criteria for a Joint Local Reliability Project.

7.2.3 The NCTPC Planning Process results in a set of projects that satisfy the reliability criteria of the Companies who are parties to the Participation Agreement (i.e., Reliability Projects). Through this process, a project may be identified that meets a reliability need in a more cost-effective manner than if each Company were only considering projects on its system to meet its reliability criteria. A Joint Local Reliability Project must have a cost of at least $1 million to be subject to the avoided-cost cost allocation methodology. The costs of a Joint Local Reliability Project with a cost of less than $1 million would be borne by each Company based on the costs incurred on its system.

7.2.4 Unless a Joint Local Reliability Project is determined by the NCTPC to be the most cost-effective solution to a reliability need, it will not be selected to be included in the Local Transmission Plan. But, if a Joint Local Reliability Project is determined by the NCTPC to be the most cost effective solution, it will have its costs allocated based on an avoided cost approach, whereby each Company looks at the stand-alone approach to maintaining reliable service and shares the savings of not implementing the stand-alone approach on a pro-rata basis. The avoided cost approach formula can be expressed as follow:

(Company $_x$'s Avoided Cost/Total Avoided Cost) * cost of Joint Local Reliability Project = Company $_x$'s Cost Allocation

(Company $_y$'s Avoided Cost/Total Avoided Cost) * cost of Joint Local Reliability Project = Company $_y$'s Cost Allocation

These cost responsibility determinations will then be reflected in transmission rates. The avoided cost approach also will take into account in determining avoided costs, the acceleration or delay of Joint Local Reliability Projects. Examples of the application of the avoided-cost approach may be found in *NCTPC Transmission Cost Allocation*.

7.3 Joint Local Economic Project Cost Allocation

7.3.1 A Joint Local Economic Project is a project that permits energy to be transferred on a Point-to Point basis from an interface or a Point of Receipt on a Company's system to an interface or a Point of Delivery on another Company's system for a specified time period.

7.3.2 The costs of Joint Local Economic Projects are allocated on a "requestor pays" basis.

7.3.3 Transmission Customer(s) that are requesting a Joint Local Economic Project would provide the up-front funding of any transmission construction that was required to ensure that the transmission path capability that was created by the Joint Local Economic Project was available for the relevant time period. On the Duke and/or Progress systems, the Transmission Customer would receive a levelized repayment of this initial funding amount from Duke and/or Progress in the form of monthly transmission credits over a maximum 20-year period. The Companies will be permitted to work with the Transmission Customers to provide shorter or different crediting. As credits are paid, Duke and Progress would have the opportunity to include the costs of upgrades that were needed for the Joint Local Economic Project(s) in transmission rates, similar to the Generator Interconnection pricing/rate approach.

7.3.4 As part of the Joint Local Economic Project process, a network customer may ensure that power can be delivered from an interface on, or utilizing transmission capability created by, a Joint Local Economic Project to network load. Such network transmission service would not be subject to the requestor pays approach. This transmission cost allocation would be in accordance with OATT provisions for network service.

7.3.5 No additional compensation is provided to the "requestors" of the Joint Local Economic Project for any "head-room" or excess transmission capability that would be created on the Transmission Systems. The total project cost for the transmission expansion required due to a Joint Local Economic Project will be reduced to provide compensation for the positive transmission impacts that the Joint Local Economic Project would provide, compared to the existing Local Transmission Plan.

7.3.6 This Joint Local Economic Project concept and cost allocation methodology applies to the NCTPC footprint, which consists of the Duke and Progress Control Areas.

8. COST ALLOCATION FOR PLANNING COSTS

8.1 NCTPC-Related Planning Costs

8.1.1 Each NCTPC Participant bears its own expenses.

8.1.2 TAG participants bear their own expenses.

8.1.3 The costs of the NCTPC base reliability studies are born by Duke and Progress.

8.1.4 Costs associated with incremental reliability studies and local economic studies are all allocated to NCTPC Participants in the manner set forth in the *Participation Agreement*.

8.1.5 Pursuant to Section 4, costs associated with local economic studies that are outside the scope of Section 4, will be borne by the study requestor.

8.1.6 NCTPC Participants may challenge the correctness of NCTPC cost allocations.

8.1.7 For the Companies, transmission planning costs are a routine cost-of-service item that would be reflected in both wholesale and retail transmission rates. There is no plan to allocate planning costs to customers, other than as described above, or as contemplated by this Tariff when a customer makes a specific request that must be studied.

8.2 Non-NCTPC-Related Planning Costs

Each Company will bear its own costs of planning-related activities that are not occurring through the rubric of the NCTPC Process, which costs may be recovered in rates, pursuant to the then-applicable ratemaking policies.

9. CONFIDENTIALITY

9.1 The Companies will take appropriate steps to protect CEII information, which is one form of Confidential Information.

9.2 Identification of Confidential Information

The confidentiality of information is determined in the first instance by a NCTPC Participant or TAG participant providing the information. Examples of

Confidential Information, other than CEII, include commercially sensitive information and customer-related information that is proprietary to a particular wholesale or retail customer. The NCTPC Participant or TAG participant providing Confidential Information acknowledges that such Confidential Information may be released to the representatives of TAG participants that have abided by the procedures in Section 9.4.3. If the information is Confidential Information only because it is CEII, the NCTPC Participant or TAG participant should indicate that such information may be released to TAG participants eligible to receive CEII.

9.3 Availability of Confidential Information

9.3.1 The NCTPC Participants will mask all Confidential Information in documents that are released to the public.

9.3.2 Confidential Information will be made available, to the extent not prohibited by law or government policy, to the NCTPC Participants, as limited by the *Participation Agreement*. Each NCTPC Participant is restricted from sharing or giving access to Confidential Information with any employee, representative, and/or organization directly involved in the sale and/or resale of electricity in the wholesale electricity such that they do not receive preferential treatment or a competitive advantage.

9.3.3 TAG participants may be provided Confidential Information, in accordance with Section 9.4.3/9.4.4. In cases where the information is Confidential Information only because it is CEII, the TAG participants may be provided such information in accordance with Section 9.4.4.

9.4 Obtaining Confidential Information

9.4.1 The OSC Vice-Chair is tasked with ensuring that no marketing/brokering organizations receive preferential treatment or achieve competitive advantage through the distribution of any transmission-related information in the TAG.

9.4.2 The OSC Vice-Chair ensures that the confidentiality of information principles reflected in Order No. 890 as well as any Standards of Conduct or Code of Conduct requirements are being adhered to within the TAG process, to the extent applicable and/or necessary.

9.4.3 If a TAG participant seeks non-CEII Confidential Information, s/he must formally request the data from the OSC Vice-Chair and demonstrate that s/he:

9.4.3.1 Is a representative of a TAG Sector Entity that has signed the SERC Confidentiality Agreement or is an Individual that has signed the SERC Confidentiality Agreement.

9.4.3.2 Is listed on Attachment A to a TAG Sector Entity's TAG Confidentiality Agreement as a representative of a TAG Sector Entity or is an Individual that has signed the TAG Confidentiality Agreement.

9.4.4 If a TAG participant seeks CEII, s/he must formally request the data from the OSC Vice-Chair and demonstrate that s/he:

9.4.4.1 Is a representative of a TAG Sector Entity that has signed the SERC Confidentiality Agreement or is an Individual that has signed the SERC Confidentiality Agreement.

9.4.4.2 Is listed on Attachment A of a TAG Sector Entity's TAG Confidentiality Agreement as a representative of a TAG Sector Entity or is an Individual that has signed the TAG Confidentiality Agreement.

9.4.4.3 The OSC Vice-Chair will process the above requests, approve/deny the request, and if approved, provide the data to a TAG participant.

10. INTEGRATED RESOURCE AND SUB-LOCAL PLANNING

10.1 Integrated Resource Planning

In addition to the NCTPC Process, the Companies must abide by state laws regarding Integrated Resource Planning (IRP). The information provided below is intended to assist persons who may want to participate in state IRP and siting proceedings.

10.1.1 North Carolina

The NCUC analyzes the probable growth in the use of electricity and the long-range need for future generating capacity in North Carolina. Duke and Progress annually furnish the NCUC a report of their respective resource plans, which contain a 15-year forecast of loads and generating capacity. The report describes all generating facilities and known transmission facilities with operating voltage of 161 kV or more which, in the judgment of the utility, will be required to supply system demands during the 15-year forecast period. Such filings must include a section containing a comprehensive analysis of their Demand-Side Management (DSM) plans and activities.

10.1.2 South Carolina

Section 58-37-40 of the South Carolina Code of Laws requires that all electrical utilities prepare integrated resource plans and submit them to the State Energy Office. The plans must be submitted every three years and must be updated on an annual basis. For electrical utilities subject to the jurisdiction of the SC PSC, submission of the IRP plans required by the SC PSC (which similarly are submitted triennially and updated at least annually) constitutes compliance with the state law. The SC PSC requires that the plans submitted cover 15 years and evaluate the cost effectiveness of supply-side and demand-side options in an economic and reliable manner that considers relevant costs and benefits.

10.2 Sub-Local Planning

The Companies coordinate with their network and native load customers to ensure adequate and reliable electric service to all points of delivery within their control areas. The focus of the NCTPC is planning higher-voltage facilities and transfers of bulk power and thus "sub-local planning" focuses on lower-voltage facilities and the delivery of energy to customer locations. Customer meetings may be held, when necessary, to discuss the respective plans of the customer and the provider and how such plans impact local areas. Any sub-local area plans developed by a Company are rolled into NCTPC transmission models. The same data and assumptions would be used in sub-local planning as are used in the NCTPC Process.

11. ADDITIONAL COORDINATION

11.1 Coordination Activities Within SERC

Duke and Progress are members of the SERC Reliability Corporation (SERC) and coordinate with other SERC members registered as Transmission Planners. SERC is the entity responsible for promoting and improving the reliability, adequacy, and critical infrastructure of the bulk power supply systems in the area served by its member systems. SERC membership is open to any entity that is a user, owner, or operator of the Bulk-Power System and is subject to the jurisdiction of FERC for the purpose of complying with Reliability Standards. SERC membership is comprised of investor-owned, municipal, cooperative, state and federal systems, RTOs/ISOs, merchant electricity generators, and power marketers. SERC has in place various committees and subcommittees that perform the identified SERC functions, including the promotion of the reliability and adequacy of the bulk power system as related to the planning and engineering of the electric systems. The SERC committees are identified on SERC's website. The particular activities that are coordinated among the Transmission Planners include the creation of a SERC-wide model and the preparation of a simultaneous feasibility assessment, which are discussed in further detail below.

11.1.1 Reliability Planning by Transmission Planners Located in SERC: A Transmission Planner's 10-year transmission expansion plan is the basis for models used for its own reliability planning process(es), such as the NCTPC, as well as serving as a Transmission Planner's input into the development of the SERC-wide model.

Substantive transmission planning occurs as Transmission Planners develop reliability transmission expansions plans through their planning process(es), such as the NCTPC. In this regard, the reliability plan for each planning process 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 each reliability plan is facilitated through the creation of transmission models (base cases) that incorporate the current 10-year transmission expansion plan, load projections, resource assumptions (generation, demand response, and imports), and transmission service commitments. The transmission models also incorporate external models (at a minimum the current SERC models) that are developed using similar assumptions.

The transmission models created for use in developing the reliability 10-year transmission expansion plan are analyzed to determine if any planning criteria concerns are projected. In the event one or more planning criteria concerns are identified, the relevant Transmission Planners will develop solutions for these projected limitations in accordance with the planning process to which they belong. As a part of this study process, the Transmission Planners, in accordance with the process to which they belong, will reexamine the current reliability 10-year transmission expansion plan (determined through the previous year's reliability planning process) to determine if the current plan can be optimized based on the updated assumptions and any new planning criteria concerns identified in the analysis. The optimization process may include the deletion and/or modification of any of the existing reliability transmission enhancements identified in the previous year's reliability planning process.

11.1.2 Coordination by Transmission Planners with Affected Systems: Once a planning criteria concern is identified and the optimization process identifies the potential solution, the Transmission Planner(s), here Duke and Progress, determine if any other Transmission Planner is potentially impacted by the projected solution. Potentially impacted Transmission Planners are then contacted to determine if there is a need for an *ad hoc* coordinated study. In the event one or more neighboring Transmission Planners agrees 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. In the event that no impacts are identified, or if once contacted the potentially impacted Transmission Planner(s) determine that they will not actually be impacted, the initiating Transmission Planner will move forward to conduct a reliability study to determine the solution for the projected planning criteria concern. In either case, once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the 10-year transmission expansion plan as a reliability project.

11.1.3 SERC-Wide Reliability Assessment by Transmission Planners: After the transmission models are developed through the planning processes, the Transmission Planners 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 these processes are using consistent models and data. Additionally, the reliability assessment measures and reports the transfer capabilities within SERC. The SERC-wide assessment serves as a valuable tool for each of the Transmission Planners to reassess the need for additional reliability joint studies.

11.1.4 Other Coordination Activities Within SERC

11.1.4.1 Transmission Model Development: SERC transmission models are developed by the Transmission Planners in SERC through an annual model development process. Each Transmission Planner in SERC, incorporating input from their planning process(es), develops and submits their 10-year transmission models to a model development databank. The databank then joins the models to create SERC-wide models for use in reliability assessment. Additionally, the SERC-wide models are then used in each planning process as an update (if needed) to the current transmission models and as a foundation (along with the MMWG models) for the development of next year's transmission models.

11.1.4.2 Additional Reliability Joint Studies: As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the Transmission Planners, in accordance with their planning process(es), 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 reliability studies, then the impacted Transmission Planners may initiate one or more *ad hoc* coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine the optimal reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission enhancements will be incorporated into the 10-year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are "pushed down" for detailed resolution.

11.1.5 Stakeholder Participation in Planning and Coordination Activities:

Since the bulk of the reliability transmission planning occurs at the as a "bottom up" process in the development of the various 10-year transmission expansion plans, stakeholders in the NCTPC footprint may provide input into the coordination activities by participating in the NCTPC process and any other planning processes that they choose to participate in. Specifically, the 10-year Local Transmission Plan developed in the NCTPC process described in this Attachment is the basis for Duke's and Progress' input into the SERC model development. As discussed in Sections 4 and 5, the TAG participants are provided a number of opportunities to review and comment on and allowed to propose alternatives concerning the development of this transmission expansion plan. The results of coordination activities will be shared and discussed with TAG participants. If the results of coordination activities are to be shared at a TAG participant meeting, the meeting notice will indicate that such results will be shared and discussed and will either provide the results or indicate how the results can be obtained if the results include Confidential Information.

11.2 ERAG & SERC-RFC East Coordination Activities

11.2.1 SERC is a Member of the Eastern Interconnection Reliability Assessment Group (ERAG) along with the Florida Reliability Coordinating Council, Inc., the Midwest Reliability Organization, the Northeast Power Coordinating Council, Inc., ReliabilityFirst Corporation, and the Southwest Power Pool. ERAG augments the reliability of the bulk-power system through periodic reviews of generation and transmission expansion programs and forecasted system conditions within the areas served by ERAG members.

11.2.2 The Eastern Interconnection Reliability Assessment Group (ERAG) Multi-Regional Modeling Working Group (MMWG) administers the development of a library of power-flow base case models for the benefit of members.

11.2.3 The SERC-RFC East study group was established in 2006 and is a sub-group within the ERAG structure. Through the SERC-RFC East study group, coordination of plans, data and assumptions is achieved between Tennessee Valley Authority, VACAR, and the transmission systems of the eastern portion of PJM.

11.3 VACAR Coordination Activities

11.3.1 Duke and Progress both participate with Alcoa Power Generating, Inc., City of Fayetteville Public Works Commission, South Carolina Electric & Gas Company, South Carolina Public Service Authority, and Dominion Virginia Power, in the VACAR Planning Task Force.

11.3.2 A VACAR contract agreement provides for coordination between the various entities within VACAR.

11.3.3 Duke and Progress will engage in studies of the bulk power supply system. VACAR typically analyzes the performance of their proposed future transmission systems based on five- or ten-year projections. VACAR studies are similar to those conducted for SERC, but are focused on VACAR, although VACAR coordinates with Southern and TVA under existing agreements.

11.4 Bilateral Coordination Activities

Through bilateral agreements with neighboring transmission systems of, Duke and Progress will perform coordinated studies with such transmission systems on an as-needed basis.

PART II -- REGIONAL TRANSMISSION PLANNING

12. OVERVIEW OF REGIONAL TRANSMISSION PLANNING

Duke and Progress, referred to collectively for the purposes of regional transmission planning as the "Duke Transmission Provider" participate in the SERTP Process described herein and on the Regional Planning Website, a link to which is found on the Duke and Progress OASIS sites. The Duke Transmission Provider and the other transmission owners and transmission providers that participate in this SERTP Process are identified on the Regional Planning Website (Sponsors).[1]

[1] Duke and Progress are each separate "transmission providers" as that term is defined in this Tariff and under the Code of Federal Regulations. They are referred to here as the Duke Transmission Provider only for the purpose of Order No. 1000-mandated regional planning. The Duke Transmission Provider notes that the Duke Transmission Provider's participation in the SERTP is for purposes of regional planning only, since local planning is conducted in accordance with the Local Planning Process as described in Sections 1-11 of this Attachment N-1. While this Attachment N-1 discusses the Duke Transmission Provider largely effectuating the activities of the SERTP Process that are discussed herein, the Duke Transmission Provider expects that the other Sponsors will also sponsor those activities. For example, while this Attachment N-1 discusses the Duke Transmission Provider hosting the Annual Transmission Planning Meetings, the Duke 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 Duke Transmission Provider may be performed in conjunction with one or more other Sponsors or may be performed entirely by, or be applicable only to, one or more other Sponsors. Likewise, while this Attachment N-1 discusses the transmission expansion plan of the Duke Transmission Provider, the Duke Transmission Provider expects that transmission expansion plans of the other Sponsors shall also be discussed, particularly since the transmission expansion plans of the other Sponsors are expected to be included in the regional transmission plan that is to be developed in each planning cycle for purposes of Order No. 1000. To the extent that this Attachment N-1 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 Duke Transmission Provider's expectation that

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The Duke 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 No. 1000: coordination, openness, transparency, information exchange, comparability,[2] dispute resolution, and economic planning studies. This transmission planning process includes at Sections 4.3 and 19 the procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000. Transmission needs consist of the physical transmission system delivery capacity requirements necessary to reliably and economically satisfy the load projections; resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs; public policy requirements; and transmission service commitments within the region. These needs typically arise from long-term (i.e., one year or more) firm transmission commitment(s) whether driven in whole or in part by public policy requirements or economic or reliability considerations.[3] This transmission planning process provides at Section 8 a mechanism for the recovery and allocation of planning costs consistent with Order Nos. 890 and 1000. This regional transmission planning process includes at Section 22 a clear enrollment

Deleted: Nothing herein precludes the Duke Transmission Provider from building new transmission facilities located solely in its local footprint and/or that are not submitted for regional cost allocation purposes (RCAP) pursuant to Section 25.

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other Sponsors will engage in such activities. Accordingly, this Attachment N-1 only establishes the duties and obligations of the Duke Transmission Provider and the means by which Stakeholders may interact with the Duke Transmission Provider with respect to regional planning through the SERTP Process described herein. The term "Stakeholder" as used in this Attachment N-1 means any party interested in the Southeastern Regional Transmission Planning Process, including but not limited to transmission and interconnection customers, generation owners/development companies, developers of alternative resources, or state commissions.

[2] The Duke 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 N-1 but instead permeates the SERTP Process described in this Attachment N-1.

[3] As provided herein, Transmission Customers can provide input regarding updates to these needs assumptions consistent with Data Collection and Case Development provisions of Section 5.3 and the Information Exchange provisions of Section 16. Additionally, Stakeholder input is considered in the determination of transmission needs consistent with the Data Collection and Case Development provisions of Section 5.3 and through input regarding the transmission planning modeling assumptions consistent with the Coordination provisions of Section 13 and specifically related to transmission needs driven by public policy requirements consistent with Sections 4.3 and 19.2. Stakeholders can also provide input on Economic Planning Studies pursuant to Sections 4.2 and 18.

process for public and non-public utility transmission providers that make the choice to become part of a transmission planning region for purposes of regional cost allocation. 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.[4]

Attachment N-3 contains a list of Enrollees as of the effective date of such tariff record. 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 26-27 of this Attachment N-1. Nothing in this regional transmission planning process includes an unduly discriminatory or preferential process for transmission project submission and selection. As provided below, with respect to regional planning, the SERTP includes sufficient detail to enable Transmission Customers to understand:

12.1 The process for enrollment and terminating enrollment in the SERTP, which is set forth in Section 22 of this Attachment N-1;

12.2 The process for consulting with customers regarding regional transmission planning, which is set forth in Section 13 of this Attachment N-1;

12.3 The notice procedures and anticipated frequency of regional transmission planning meetings, which is set forth in Sections 13 and 14 of this Attachment N-1;

12.4 The Duke Transmission Provider's regional transmission planning methodology, criteria, and processes, which are set forth in Section 15 of this Attachment N-1;

12.5 The method of disclosure of regional transmission planning criteria, assumptions and underlying data, which is set forth in Sections 14 and 15 of this Attachment N-1;

12.6 The obligations of and methods for Transmission Customers to submit data if necessary to support the regional transmission planning process, which are set forth in Section 16 of this Attachment N-1;

12.7 The process for submission of data by nonincumbent developers of transmission projects that wish to participate in the regional transmission planning process and seek regional cost allocation for purposes of Order No. 1000, which is set forth in Sections 23-31 of this Attachment N-1;

12.8 The process for submission of data by merchant transmission developers that wish

[4] Enrollees that are identified pursuant to Section 26 to potentially receive cost savings (associated with the regional cost allocation components in Section 27) due to the transmission developer's proposed transmission project for possible selection in a regional transmission plan for regional cost allocation purposes ("RCAP") shall be referred to as "Beneficiaries."

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to participate in the regional transmission planning process, which is set forth in Section 21 of this Attachment N-1;

12.9 The regional dispute resolution process, which is set forth in Section 17 of this Attachment N-1;

12.10 The study procedures for regional economic upgrades to address congestion or the integration of new resources, which is set forth in Section 18 of this Attachment N-1;

12.11 The procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 19 of this Attachment N-1; and

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12.12 The relevant regional cost allocation method or methods satisfying the six regional cost allocation principles set forth in Order No. 1000, which is set forth at Section 26-27.

12.13 The process for interregional coordination as described in Attachment N-1 – FRCC, Attachment N-1 – MISO, Attachment N-1 – PJM, Attachment N-1 – SCRTP, and Attachment N-1 – SPP.

13. COORDINATION

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

13.2 Meeting Structure: Each calendar year, the SERTP 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:

13.2.1 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 Duke 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[5] that they would like to have studied by the Duke Transmission Provider and the Sponsors. At this meeting, the Duke Transmission Provider will work with the RPSG to assist the RPSG in formulating these Economic Planning Study requests. The Duke 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 plan[6] 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 is intended to be implemented the following calendar year).[7] Stakeholders may submit comments to the Duke Transmission Provider regarding the Duke Transmission Provider's criteria and methodology during the discussion at the meeting or within ten (10) business days after the meeting, and the Duke Transmission Provider will consider such comments. Depending upon the major transmission planning issues presented at that time, the Duke 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 Duke Transmission Provider's transmission planning process and no longer need detailed training in this regard.

[5] As indicated *infra* at footnote 1, the Economic Planning Studies discussed in the regional planning portion of this Attachment N-1 (Sections 12-31) refer to the regional Economic Planning Studies conducted through the SERTP Process.

[6] The expectation is that in any given planning cycle, the Duke Transmission Provider's ten year transmission expansion plan along with those of the other Sponsors, will be included in the regional transmission plan. 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.

[7] A regional transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is intended to be the starting point plan for the following calendar year. For example, the regional transmission expansion plan developed during 2014 and presented at the 2014 Annual Transmission Planning Summit is for the 2015 calendar year.

Deleted: As indicated *infra* at footnote 1, all references in the regional planning portion of this Attachment N-1 (Sections 12-31) to a transmission "plan," "planning," or "plans" should be construed to refer to regional transmission planning and the Duke Transmission Provider's participation in the regional planning only. Processes relevant to local transmission planning are set forth in Sections 2-11 and govern all local transmission plans.

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

13.2.2 Preliminary Expansion Plan Meeting: During the second quarter of each calendar year, the Duke Transmission Provider will meet with all interested Stakeholders to explain and discuss: the Duke 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 Duke Transmission Provider and the Sponsors to consider. The Duke Transmission Provider will also provide an update as to the status of its regional planning analyses performed pursuant to Section 20. In addition, the Duke 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.

13.2.3 Second RPSG Meeting: During the third quarter of each calendar year, the Duke 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. 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 Duke 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 Duke 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 Duke 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 Duke Transmission Provider will address transmission planning issues that the Stakeholders may raise.

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

13.2.4.1 Annual Transmission Planning Summit: At the Annual Transmission Planning Summit aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting, the Duke Transmission Provider will present the final results for the Economic Planning Studies. The Duke Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, which reflects the results of planning analyses performed in the then-current planning cycle, including analyses performed pursuant to Section 20. The Duke 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 Duke Transmission Provider. In addition, the Duke Transmission Provider will address transmission planning issues that the Stakeholders may raise.

13.2.4.2 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 Duke Transmission Provider's following year's ten (10) year transmission expansion plan, which includes the Duke 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 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.

13.3 Committee Structure - the RPSG: 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. Second, the RPSG serves as the representative in interactions with the Duke Transmission Provider and Sponsors for the eight (8) industry sectors identified below.

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

(1) Transmission Owners/Operators[8]

(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

13.3.2 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.

13.3.3 Annual Reformulation: The RPSG will be reformed annually at each First RPSG Meeting and Interactive Training Session discussed in Section 13.2.1. 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.

13.3.4 Simple Majority Voting: RPSG decision-making that will be recognized by the Duke Transmission Provider for purposes of this Attachment N-1

[8] 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.

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 Duke 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 Duke Transmission Provider will be relieved of any obligation that is associated with such RPSG action.

13.3.5 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 Duke 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 Duke 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 Duke Transmission Provider unless the Duke Transmission Provider agrees in advance to such in writing.

13.4 The Role of the Duke Transmission Provider in Coordinating the Activities of the SERTP Process Meetings and of the Functions of the RPSG: The Duke Transmission Provider will host and conduct the above-described Annual

Transmission Planning Meetings with Stakeholders.[9]

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

13.6 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.

13.7 The Regional Planning Website: The Regional Planning Website will contain information regarding the SERTP Process, including:

13.7.1 Notice procedures and e-mail addresses for contacting the Sponsors and for questions;

13.7.2 A calendar of meetings and other significant events, such as release of draft reports, final reports, data, etc.;

13.7.3 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

13.7.4 The form in which meetings will occur (*i.e.*, in person, teleconference, webinar, *etc*.).

14. OPENNESS

14.1 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

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

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.

14.2 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 Duke Transmission Provider's OASIS website, so as to further facilitate the availability of this transmission planning information on an open and comparable basis.

14.3 CEII Information

14.3.1 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:

14.3.1.1 Relates details about the production, generation, transmission, or distribution of energy;

14.3.1.2 Could be useful to a person planning an attack on critical infrastructure;

14.3.1.3 Is exempt from mandatory disclosure under the Freedom of Information Act; and

14.3.1.4 Does not simply give the general location of the critical infrastructure.

14.3.2 Secured Access to CEII Data: The Regional Planning Website will have a secured area containing the CEII data involved in the SERTP 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 SERTP Process that did not originate with the Duke Transmission Provider, the duty is incumbent upon the entity that submitted the CEII data to have clearly marked it as CEII.

14.3.3 CEII Certification: In order for a Stakeholder to be certified and be eligible for access to the CEII data involved in the SERTP 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 Duke Transmission Provider reserves the discretionary right to waive the certification process, in whole or in part, for anyone that the Duke Transmission Provider deems appropriate to receive CEII information. The Duke 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 17.

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

14.4 Other Sponsor- and Stakeholder- Submitted Confidential Information: The other Sponsors and Stakeholders that provide information to the Duke 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 N-1. 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 Duke Transmission Provider's attention at, or prior to, submittal. Should another Sponsor or Stakeholder consider any information to be submitted to the Duke Transmission Provider to otherwise be confidential (*e.g.*, competitively sensitive), it shall clearly mark that information as such and notify the Duke 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 Duke Transmission Provider (in whole or in part) is required to produce.

14.5 Procedures to Obtain Confidential Non-CEII Information

14.5.1 The Duke 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 in accordance with any other contractual or legal confidentiality requirements.

14.5.2 Without limiting the applicability of Section 14.5.1, 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 14.3 and Section 14.5 would apply.

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

15. TRANSPARENCY

15.1 General**:** Through the Annual Transmission Planning Meetings and postings made on the Regional Planning Website, the Duke Transmission Provider will disclose to its Transmission Customers and other Stakeholders the basic criteria, assumptions, and data that underlie its transmission expansion 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.

15.2 The Availability of the Basic Methodology, Criteria, and Process the Duke Transmission Provider Uses to Develop its Transmission Plan: In an effort to enable Stakeholders to replicate the results of the Duke 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 Duke Transmission Provider will provide the following information, or links thereto, on the Regional Planning Website:

15.2.1 The Electric Reliability Organization and Regional Entity reliability standards that the Duke Transmission Provider utilizes, and complies with, in performing transmission planning.

15.2.2 The Duke Transmission Provider's internal policies, criteria, and guidelines that it utilizes in performing transmission planning.

15.2.3 Software titles and version numbers that may be used to access and perform transmission analyses on the then-current posted data bases.

Any additional information necessary to replicate the results of the Duke Transmission Provider's planning studies will be provided in accordance with, and subject to, the CEII and confidentiality provisions specified in this Attachment N-1.

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

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

15.4.1 Means for contacting the Duke Transmission Provider.

15.4.2 Procedures for submittal of questions regarding transmission planning to the Duke Transmission Provider (in general, questions of a non-immediate nature will be collected and addressed through the Annual Transmission Planning Meeting process).

15.4.3 Instructions for how Stakeholders may obtain transmission base cases and other underlying data used for transmission planning.

15.4.4 Means for Transmission Customers having Service Agreements for Network Integration Transmission Service to provide load and resource assumptions to the Duke Transmission Provider; provided that if there are specific means defined in a Transmission Customer's Service Agreement for Network Integration Transmission Service (NITSA), then the NITSA shall control.

15.4.5 Means for Transmission Customers having Long-Term Service Agreements for Point-To-Point Transmission Service to provide to the Duke 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.

15.5 Transparency Provided Through the Annual Transmission Planning Meetings

15.5.1 The First RPSG Meeting and Interactive Training Session

15.5.1.1 An Interactive Training Session Regarding the Duke Transmission Provider's Transmission Planning Methodologies and Criteria: As discussed in (and subject to) Section 13.2.1, at the First RPSG Meeting and Interactive Training Session, the Duke Transmission Provider will, among other things, conduct an interactive, training and input session for the Stakeholders regarding the methodologies and criteria that the Duke 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 Duke Transmission Provider.

15.5.1.2 Presentation and Explanation of Underlying Transmission Planning Study Methodologies: During the training session in the First RPSG Meeting and Interactive Training Session, the Duke 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).

15.5.2 Presentation of Preliminary Modeling Assumptions: At the Annual Transmission Planning Summit, the Duke Transmission Provider will also provide to the Stakeholders its preliminary modeling assumptions for the development of the Duke 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:

15.5.2.1 Study case definitions, including load levels studied and planning horizon information.

15.5.2.2 Resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs.

15.5.2.3 Planned resource retirements.

15.5.2.4 Renewable resources under consideration.

15.5.2.5 Demand side options under consideration.

15.5.2.6 Long-term firm transmission service agreements.

15.5.2.7 Current TRM and CBM values.

15.5.3 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 Duke Transmission Provider's development of its transmission expansion plan. This dynamic process will generally be provided as follows:

15.5.3.1 At the Annual Transmission Planning Summit and Assumptions Input Meeting, the Duke 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.

15.5.3.2 At the First RPSG Meeting and Interactive Training Session, the Duke 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 Duke Transmission Provider will be posted on the secured area of the Regional Planning Website.

15.5.3.3 To the extent that Stakeholders have transmission expansion plan/enhancement alternatives that they would like for the Duke 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 Duke Transmission Provider will present its preliminary transmission expansion plan for the current ten (10) year planning horizon, including updates on the status of regional assessments being performed pursuant to Section 20. The Duke 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.

15.5.3.4 The transmission expansion plan/enhancement alternatives suggested by the Stakeholders will be considered by the Duke Transmission Provider for possible inclusion in the transmission expansion plan. When evaluating such proposed alternatives, the Duke 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.

15.5.3.5 At the Second RPSG Meeting, the Duke 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.

15.5.3.6 At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that is intended to be implemented the following year will be presented to the Stakeholders along with the regional transmission plan for purposes of Order No. 1000. The Transmission Planning Summit presentations and the regional transmission plan, which is expected to include the ten (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.

15.5.4 Flowchart Diagramming the Steps of the SERTP Process: A flowchart diagramming the SERTP Process, as well as providing the general timelines and milestones for the performance of the activities described herein, is provided in Appendix 2.

16. INFORMATION EXCHANGE

To the extent that the information described in this Section 16 has not already been exchanged pursuant to the Companies' Local Planning Process described in Sections 2-10 herein, the Duke Transmission Provider may request that Transmission Customers and/or other interested parties provide additional information pursuant to this Section 16 in support of regional transmission planning pursuant to Sections 12-31 herein.

16.1 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 Duke 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 Duke Transmission Provider's transmission planning process, with the September 1 due date of these data submissions by customers being timed to facilitate the Duke Transmission Provider's development of its databases and model building for the following year's ten (10) year transmission expansion plan.

16.2 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 Duke 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.

16.3 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 Duke 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.

16.4 Demand Resource Projects: The Duke 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 Duke Transmission Provider to consider such demand response resource comparably with other alternatives. The Stakeholder shall provide this information to the Duke 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 SERTP Process. To the extent similarly situated, the Duke Transmission Provider shall treat such Stakeholder submitted demand resource projects on a comparable basis for transmission planning purposes.

16.5 Interconnection Customers: By September 1 of each year, each Interconnection Customer having an Interconnection Agreement[s] under the Tariff shall provide to the Duke 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.

16.6 Notice of Material Change: Transmission Customers and Interconnection Customers shall provide the Duke 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 Duke Transmission Provider's ability to provide transmission service or materially affecting the Transmission System.

17. DISPUTE RESOLUTION[10]

17.1 Negotiation: Any substantive or procedural dispute between the Duke Transmission Provider and one or more Stakeholders (collectively, the "Parties") that arises from the Attachment N-1 transmission planning process generally shall be referred to a designated senior representative of the Duke 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 SERTP 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.

17.2 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 Duke 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

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[10] Any dispute, claim or controversy amongst Duke or Progress and/or a stakeholder regarding application of, or results from the local transmission planning process contained in Sections 2-11 herein (each a "Dispute") shall be resolved in accordance with the procedures set forth in Section 6 herein. Any procedural or substantive dispute that arises from the SERTP will be addressed by the regional Dispute Resolution Measures contained in this Section 17.

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 Duke 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.

17.3 Costs: Each Party involved in a dispute resolution process hereunder, and each "participant" in a Commission ADR Process utilized in accordance with Section 17.2, 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.

17.4 Rights under the Federal Power Act: Nothing in this Section 17 shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

18. REGIONAL ECONOMIC PLANNING STUDIES[11]

18.1 General - Economic Planning Study Requests: Stakeholders will be allowed to request that the Duke Transmission Provider perform up to five (5) Stakeholder requested economic planning studies (Economic Planning Studies) on an annual basis.

18.2 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 with the region encompassed by this SERTP 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.

18.3 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.

18.4 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

[11] The economic planning studies undertaken pursuant to this Section 18 are regional. Local economic studies are undertaken pursuant to Section 4.2 herein.

nature and the Duke Transmission Provider concludes that clustering of such requests and studies is appropriate, the Duke Transmission Provider may, following communications with the RPSG, cluster those studies for purposes of the transmission evaluation.

18.5 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 Duke 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 Duke 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 Duke Transmission Provider will provide to the requesting Stakeholder(s) a non-binding but good faith estimate of what the Duke 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 Duke Transmission Provider's and other affected Sponsor[s]' estimated study costs up-front, with those costs being trued-up to the Duke Transmission Provider's and other affected Sponsor[s]' actual costs upon the completion of the additional Economic Planning Study.

18.6 Economic Planning Study Process

18.6.1 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 Duke Transmission Provider with the CEII identified, and the study request shall then be posted on the secure area of the Regional Planning Website).

18.6.2 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 Duke 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 Duke Transmission Provider, who will post the results on the Regional Planning Website.

18.6.3 The Duke 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.

18.6.4 Stakeholders will have thirty (30) calendar days from the Duke 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.

18.6.5 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. The Second RPSG Meeting will be an interactive session with the RPSG and other interested Stakeholders in which the Duke 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 Duke Transmission Provider will consider the alternatives provided by the Stakeholders.

18.6.6 The final results of the Economic Planning Studies will be presented at the Annual Transmission Planning Summit, and the Duke 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.

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

19. CONSIDERATION OF TRANSMISSION NEEDS DRIVEN BY PUBLIC POLICY REQUIREMENTS

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19.1 Procedures for the Consideration of Transmission Needs Driven by Public Policy

Requirements: The Duke Transmission Provider addresses transmission needs driven by enacted state, federal and local laws and/or regulations (Public Policy Requirements) in its routine planning, design, construction, operation, and maintenance of the Transmission System. This includes the planning for and expansion of physical transmission system delivery capacity to provide long-term firm transmission services to meet i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff.

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Deleted: The Duke Transmission Provider addresses Transmission Needs driven by the Public Policy Requirements of load serving entities and wholesale transmission customers through

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

19.2.1 Requisite Information: In order for the Duke Transmission Provider to consider possible transmission needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information in accordance with the submittal instructions provided on the Regional Planning Website:

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19.2.1.1 The applicable Public Policy Requirement, which must be a requirement established by an enacted state, federal or local law(s) and/or regulation(s); and

19.2.1.2 An explanation of the possible transmission need(s) driven by the Public Policy Requirement identified in subsection (19.2.1.1) (*e.g.*, the situation or system condition for which possible solutions may be needed, as opposed to a specific transmission project).

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19.2.2 Deadline for Providing Such Information: Stakeholders that propose a possible transmission need driven by a Public Policy Requirement for evaluation by the Duke Transmission Provider in the current transmission planning cycle must provide the requisite information identified in Section 19.2.1 to the Duke 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.

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19.3 Duke Transmission Provider Evaluation of SERTP Stakeholder Input Regarding Possible Transmission Needs Driven by Public Policy Requirements

19.3.1 Identification of Public Policy-Driven Transmission Needs: In order to identify, out of the set of possible transmission needs driven by Public Policy Requirements proposed by Stakeholders, those transmission needs for which transmission solutions will be evaluated in the current planning cycle, the Duke Transmission Provider will assess:

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19.3.1.1 Whether the Stakeholder-identified Public Policy Requirement is an enacted local, state, or federal law(s) and/or regulation(s);

19.3.1.2 Whether the Stakeholder-identified Public Policy Requirement drives a transmission need(s); and

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19.3.1.3 If the answers to the foregoing questions 1) and 2) are affirmative, whether the transmission need(s) driven by the Public Policy Requirement is already addressed or otherwise being evaluated in the then-current planning cycle.

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19.3.2 Identification and Evaluation of Possible Transmission Solutions for Public Policy-Driven Transmission Needs that Have Not Already Been Addressed: If a Public Policy-driven transmission need is identified that is not already addressed, or that is not already being evaluated in the transmission expansion planning process, the Duke Transmission Provider will identify a transmission solution(s) to address the aforementioned need in the planning processes. The potential transmission solutions will be evaluated consistent with Section 20.

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19.4 Stakeholder Input During the Evaluation of Public Policy-Driven Transmission Needs and Possible Transmission Solutions

19.4.1 Typically at the First RPSG Meeting and Interactive Training Session, but not later than the Preliminary Expansion Plan Meeting, for the given transmission planning cycle, the Duke Transmission Provider will review the Stakeholder-proposed transmission needs driven by Public Policy Requirements to be evaluated in the then-current planning cycle. Prior to the meeting at which transmission needs driven by Public Policy Requirements will be reviewed, the Duke Transmission Provider will identify, on the Regional Planning Website, which possible transmission needs driven by Public Policy Requirements proposed by Stakeholders (if any) are transmission needs(s) that are not already addressed in the planning process and will, pursuant to Sections 19.3.1 and 19.3.2, be addressed in the current planning cycle.

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19.4.2 Stakeholders, including those who are not Transmission Customers, may provide input regarding Stakeholder-proposed possible transmission need(s) and may provide input during the evaluation of potential transmission solutions to identified transmission needs driven by Public Policy Requirements. Specifically with regard to the evaluation of such potential transmission solutions, a Stakeholder may provide input at the Preliminary Expansion Plan Meeting. If a Stakeholder has performed analysis regarding such a potential transmission solution, the Stakeholder may provide any such analysis at that time.

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19.4.3 Stakeholder input regarding possible transmission needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the possible transmission need identified by the Stakeholder is essentially a request by a network

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customer to integrate a new network resource, the request would be directed to that existing Tariff process.

19.5 Posting Requirement: The Duke Transmission Provider will provide and post on the Regional Planning Website an explanation of (1) those transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential transmission projects in the then-current planning cycle; and (2) why other suggested, possible transmission needs driven by Public Policy Requirements proposed by Stakeholders were not selected for further evaluation.

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20. REGIONAL ANALYSES OF POTENTIALLY MORE EFFICIENT OR COST EFFECTIVE TRANSMISSION SOLUTIONS

20.1 Regional Planning Analyses

20.1.1 During the course of each transmission planning cycle, the Duke Transmission Provider will conduct regional transmission analyses to assess if the then-current regional transmission plan addresses the Duke Transmission Provider's transmission needs, including those of its Transmission Customers and those which may be driven, in whole or in part, by economic considerations or Public Policy Requirements. This regional analysis will include assessing whether there may be more efficient or cost effective transmission projects to address transmission needs than transmission projects included in the latest regional transmission plan (including projects selected in a regional transmission plan for RCAP pursuant to Section 26).

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20.1.2 The Duke Transmission Provider will perform power flow, dynamic, and short circuit analyses, as necessary, to assess whether the then-current regional transmission plan would provide for the physical transmission capacity required to address the Duke Transmission Provider's transmission needs, including those transmission needs of its Transmission Customers and those driven by economic considerations and Public Policy Requirements. Such analysis will also evaluate those potential transmission needs driven by Public Policy Requirements identified by Stakeholders pursuant to Section 19.3.1. If the Duke Transmission Provider determines that the on-going planning being performed for the then-current cycle would not provide sufficient physical transmission capacity to address a transmission need(s), the Duke Transmission Provider will identify potential transmission projects to address the transmission need(s).

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20.2 Identification and Evaluation of More Efficient or Cost Effective Transmission Project Alternatives

20.2.1 The Duke Transmission Provider will look for potential regional transmission projects that may be more efficient or cost effective solutions to address transmission needs than transmission projects included in the latest regional transmission plan or otherwise under consideration in the then-current transmission planning process for the ten (10) year planning horizon. Consistent with Section 20.1, through power flow, dynamic, and short circuit analyses, as necessary, the Duke Transmission Provider will evaluate regional transmission projects identified to be potentially more efficient or cost effective solutions to address transmission needs, including those transmission alternatives proposed by Stakeholders pursuant to Section 15.5.3.3 and transmission projects proposed for RCAP pursuant to Section 25. The evaluation of transmission projects in these regional assessments throughout the then-current planning cycle will be based upon their effectiveness in addressing transmission needs, including those driven by Public Policy Requirements, reliability and/or economic considerations. Such analysis will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. In assessing whether transmission alternatives are more efficient and/or cost effective transmission solutions, the Duke Transmission Provider shall consider factors such as, but not limited to, a transmission project's:

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20.2.1.1 Impact on reliability.

20.2.1.2 Feasibility, including the viability of constructing and tying in the proposed project by the required in-service date.

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(1) acquiring the necessary rights-of-way (ROW) and ¶
(2)

20.2.1.3 Relative transmission cost, as compared to other transmission project alternatives to reliably address transmission needs.

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20.2.1.4 Ability to reduce real power transmission losses on the transmission system(s) within the SERTP region, as compared to other transmission project alternatives to reliably address transmission needs.

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20.2.2 Stakeholder Input: Stakeholders may provide input on potential transmission alternatives for the Duke Transmission Provider to consider throughout the SERTP planning process for each planning cycle in accordance with Section 15.5.3.

21. MERCHANT TRANSMISSION DEVELOPERS PROPOSING TRANSMISSION FACILITIES IMPACTING THE SERTP:

Merchant transmission developers not seeking regional cost allocation pursuant to Sections 25-31 (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 Duke 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.

22. ENROLLMENT

22.1 General Eligibility for Enrollment: A public utility or non-public utility transmission service provider and/or transmission owner who is registered with NERC as a Transmission Owner or a Transmission Service Provider and that owns or provides transmission service over transmission facilities within the SERTP region may enroll in the SERTP. Such Transmission Service Providers and Transmission Owners are thus potential Beneficiaries for cost allocation purposes on behalf of their transmission customers.[12] Entities that do not enroll will nevertheless be permitted to participate as Stakeholders in the SERTP.

22.2 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 in a regional transmission plan for RCAP pursuant to Sections 25-31, a potential transmission developer must enroll in the SERTP in order to be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.

22.3 Means to Enroll: Entities that satisfy the general eligibility requirements of Section 22.1 or are required to enroll in accordance with Section 22.2 may provide an application to enroll by submitting the form of enrollment posted on the Regional Planning Website.

22.4 List of Enrollees in the SERTP: Attachment N-3 provides the list of the entities who have enrolled in the SERTP in accordance with the foregoing provisions (Enrollees). Attachment N-3 is effective as of the effective date of the tariff record (and subject to Section 22.5, below) that contains Attachment N-3. In the event a non-public utility listed in Attachment N-3 provides the Duke Transmission Provider with notice that it chooses not to enroll in, or is withdrawing from, the SERTP pursuant to Section 22.5 or Section 22.6, as applicable, such action shall be effective as of the date prescribed in accordance with that respective Section. In such an event, the Duke Transmission Provider shall file revisions to the lists of Enrollees in Attachment N-3 within fifteen business days of such notice. The effective date of any such revised tariff record

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[12] Should a NERC-registered Transmission Owner or Transmission Service Provider that owns or provides transmission service over facilities located adjacent to, and interconnected with, transmission facilities within the SERTP region provide an application to enroll in the SERTP, such a request to expand the SERTP will be considered by the Duke Transmission Provider, giving consideration to the integrated nature of the SERTP region

shall be the effective date of the non-public utility's election to not enroll or to withdraw as provided in Section 22.5 or 22.6, as applicable.

22.5 Enrollment, Conditions Precedent, Conditions Subsequent, and Cost Allocation Responsibility: Enrollment will subject Enrollees to cost allocation if, during the period in which they are enrolled, it is determined in accordance with this Attachment N-1 that the Enrollee is a Beneficiary of a transmission project(s) selected in the regional transmission plan for RCAP; subject to the following:

22.5.1 Upon Order on Compliance Filing: The initial non-public utilities that satisfy the general eligibility requirements of 22.1 and who have made the decision to enroll at the time of the Duke Transmission Provider's compliance filing in response to FERC's July 18, 2013 Order on Compliance Filings in Docket Nos. ER13-897, ER13-908, and ER13-913, 144 FERC ¶ 61,054, do so on the condition precedent that the Commission accepts: i) that compliance filing without modification and without setting it for hearing or suspension and ii) the Duke Transmission Provider's July 10, 2013 compliance filing made in Docket Nos. ER13-1928, ER13-1930, ER13-1940, and ER13-1941 without modification and without setting it for hearing or suspension. Should the Commission take any such action upon review of such compliance filings or in any way otherwise modify, alter, or impose amendments to this Attachment N-1, then each such non-public utility shall be under no obligation to enroll in the SERTP and shall have sixty (60) days following such an order or action to provide written notice to the Duke Transmission Provider of whether it will, in fact, enroll in the SERTP. If, in that event, such non-public utility gives notice to the Duke Transmission Provider that it will not enroll, such non-public utility shall not be subject to cost allocation under this Attachment N-1 (unless it enrolls at a later date).

22.5.2 Upon Future Regulatory Action: Notwithstanding anything herein to the contrary, should the Commission, a Court, or any other governmental entity having the requisite authority modify, alter, or impose amendments to this Attachment N-1, then an enrolled non-public utility may immediately withdraw from this Attachment N-1 by providing written notice within sixty (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 (although if the Commission has not acted by that prior business day upon both of the compliance filings identified in Section 22.5.1, then the non-public utility shall never have been deemed to have enrolled in the SERTP). In the event of such a withdrawal due to such a future regulatory and/or judicial action, the withdrawing Enrollee will be subject to cost allocations, if any, that were determined in accordance with this Attachment N-1 during the period in which it was enrolled and that determined that the withdrawing Enrollee would be a Beneficiary of new transmission projects selected in the regional transmission plan for RCAP.

22.6 Notification of Withdrawal: An Enrollee choosing to withdraw its enrollment in the SERTP may do so by providing written notification of such intent to the Duke Transmission Provider. Except for non-public utilities electing to not enroll or withdraw pursuant to Section 22.5, a non-public utility Enrollee's withdrawal shall be effective as of the date the notice of withdrawal is provided to the Duke Transmission Provider pursuant to this Section 22.6. For public utility Enrollees, the withdrawal shall be effective at the end of the then-current transmission planning cycle provided that the notification of withdrawal is provided to the Duke Transmission Provider at least sixty (60) days prior to the Annual Transmission Planning Summit and Assumptions Input Meeting for that transmission planning cycle.

22.7 Cost Allocation After Withdrawal: Any withdrawing Enrollee will not be allocated costs for transmission projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of Section 22.5 or Section 22.6. However, the withdrawing Enrollee will be subject to cost allocations determined in accordance with this Attachment N-1 during the period it was enrolled, if any, for which the Enrollee was identified as a Beneficiary of new transmission projects selected in the regional transmission plan for RCAP.

23. PRE-QUALIFICATION CRITERIA FOR A TRANSMISSION DEVELOPER TO BE ELIGIBLE TO SUBMIT A REGIONAL TRANSMISSION PROJECT PROPOSAL FOR POTENTIAL SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP

23.1 Transmission Developer Pre-Qualification Criteria: In order to be eligible to propose a transmission project (that the transmission developer intends to develop) for consideration for selection in a regional transmission plan for RCAP in the upcoming planning cycle, a transmission developer (including the Duke Transmission Provider and nonincumbents) or a parent company (as defined in Section 23.1.2.2 below), as applicable, must submit a pre-qualification application by August 1st of the then-current planning cycle. To demonstrate that the transmission developer will be able to satisfy the minimum financial capability and technical expertise requirements, the pre-qualification application must provide the following:

23.1.1 A non-refundable administrative fee of $25,000 to off-set the cost to review, process, and evaluate the transmission developer's pre-qualification application;

23.1.2 Demonstration that at least one of the following criteria is satisfied:

23.1.2.1 The transmission developer must have and maintain a Credit Rating (defined below) of BBB- or better from Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial (S&P), a Credit Rating of Baa3 or better from Moody's Investors Service, Inc. (Moody's) and/or a Credit Rating of BBB- or better from Fitch Ratings, Inc. (Fitch, collectively with S&P and Moody's and/or their successors, the "Rating Agencies") and not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch. The senior unsecured debt (or similar) rating for the relevant entity from the Rating Agencies will be considered the "Credit Rating". In the event of multiple Credit Ratings from one Rating Agency or Credit Ratings from more than one Rating Agency, the lowest of those Credit Ratings will be used by the Duke Transmission Provider for its evaluation. However, if such a senior unsecured debt (or similar) rating is unavailable, the Duke Transmission Provider will consider Rating Agencies' issuer (or similar) ratings as the Credit Rating.

23.1.2.2 If a transmission developer does not have a Credit Rating from S&P, Moody's or Fitch, it shall be considered "Unrated", and an Unrated transmission developer's parent company or the entity that plans to create a new subsidiary that will be the transmission developer (both hereinafter "parent company") must have and maintain a Credit Rating of BBB- or better from S&P, Baa3 or better from Moody's and/or BBB- or better from Fitch, not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch, and the parent company must commit in writing to provide an acceptable guaranty to the Duke Transmission Provider meeting the requirements of Section 31 for the transmission developer if a proposed transmission project is selected in a regional transmission plan for RCAP. If there is more than one parent company, the parent company(ies) committing to provide the guaranty must meet the requirements set forth herein.

23.1.2.3 For an Unrated transmission developer, unless its parent company satisfies the requirements under B. above, such transmission developer must have and maintain a Rating Equivalent (defined below) of BBB- or better. Upon an Unrated transmission developer's request, a credit rating will be determined for such Unrated transmission developer comparable to a Rating Agency credit rating (Rating Equivalent) based upon the process outlined below:

(1) Each Unrated transmission developer will be required to pay a non-refundable annual fee of $15,000.00 for its credit to be evaluated/reevaluated on an annual basis.

(2) Upon request by the Duke Transmission Provider, an Unrated transmission developer must submit to the Duke Transmission Provider for the determination of a Rating Equivalent, and not less than annually thereafter, the following information with respect to the transmission developer, as applicable:

- (A) financial statements (audited if available) for each completed fiscal quarter of the then current fiscal year including the most recent fiscal quarter, as well as the most recent three (3) fiscal years;

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  - (i) For Unrated transmission developers with publicly-traded stock, this information must include:
    - (a) Annual reports on Form 10-K (or successor form) for the three (3) fiscal years most recently ended, and quarterly reports on Form 10-Q (or successor form) for each completed quarter of the then current fiscal year, together with any amendments thereto, and
    - (b) Form 8-K (or successor form) reports disclosing material changes, if any, that have been filed since the most recent Form 10-K (or successor form), if applicable;
  - (ii) For Unrated transmission developers that are privately held, this information must include:
    - (a) Financial Statements, including balance sheets, income statements, statement of cash flows, and statement of stockholder's equity,
    - (b) Report of Independent Accountants,

(c) Management's Discussion and Analysis, and

(d) Notes to financial statements;

(B) its Standard Industrial Classification and North American Industry Classification System codes;

(C) at least one (1) bank and three (3) acceptable trade references;

(D) information as to any material litigation, commitments or contingencies as well as any prior bankruptcy declarations or material defaults or defalcations by, against or involving the transmission developer or its predecessors, subsidiaries or affiliates, if any;

(E) information as to the ability to recover investment in and return on its projects;

(F) information as to the financial protections afforded to unsecured creditors contained in its contracts and other legal documents related to its formation and governance;

(G) information as to the number and composition of its members or customers;

(H) its exposure to price and market risk;

(I) information as to the scope and nature of its business; and

(J) any additional information, materials and documentation which such Unrated transmission developer deems relevant evidencing such Unrated transmission developer's financial capability to develop, construct, operate and maintain transmission developer's projects for the life of the projects.

(3) The Duke Transmission Provider will notify an Unrated transmission developer after the determination of its Rating Equivalent. Upon request, the Duke Transmission Provider will provide the Unrated transmission developer with information regarding the procedures, products and/or tools

used to determine such Rating Equivalent (*e.g.*, Moody's RiskCalc™ or other product or tool, if used).

(4) An Unrated transmission developer desiring an explanation of its Rating Equivalent must request such an explanation in writing within five (5) business days of receiving its Rating Equivalent. The Duke Transmission Provider will respond within fifteen (15) business days of receipt of such request with a summary of the analysis supporting the Rating Equivalent decision.

23.1.3 Evidence that the transmission developer has the capability to develop, construct, operate, and maintain significant U.S. electric transmission projects. The transmission developer should provide, at a minimum, the following information about the transmission developer. If the transmission developer is relying on the experience or technical expertise of its parent company or affiliate(s) to meet the requirements of this subsection 3, the following information should be provided about the transmission developer's parent company and its affiliates, as applicable:

23.1.3.1 Information regarding the transmission developer's or other relevant experience regarding 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;

23.1.3.2 Evidence demonstrating the ability to address and timely remedy failure of transmission facilities;

23.1.3.3 Violations of NERC and/or Regional Entity reliability standard(s) and/or violations of regulatory requirement(s) that have been made public pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission infrastructure facilities (provided that violations of CIP standards are not required to be identified), and, if so, an explanation of such violations; and

23.1.3.4 A description of the experience of the transmission developer in acquiring rights of way.

23.1.4 Evidence of how long the transmission developer and its parent company, if relevant, have been in existence.

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23.2 Review of Pre-Qualification Applications: No later than November 1st of the then-current planning cycle, the Duke Transmission Provider will notify transmission developers that submitted pre-qualification applications or updated information by August 1st, whether they have pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the upcoming planning cycle. A list of transmission developers that have pre-qualified for the upcoming planning cycle will be posted on the Regional Planning Website.

23.3 Opportunity for Cure for Pre-Qualification Applications: If a transmission developer does not meet the pre-qualification criteria or provides an incomplete application, then following notification by the Duke Transmission Provider, the transmission developer will have 15 calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency. The Duke Transmission Provider will notify the transmission developer, whether they are, or will continue to be, pre-qualified within 30 calendar days of the resubmittal, provided that the Duke Transmission Provider shall not be required to provide such a response prior to November 1st of the then-current planning cycle.

23.4 Pre-Qualification Renewal: If a transmission developer is pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the then-current planning cycle, such transmission developer may not be required to re-submit information to pre-qualify with respect to the upcoming planning cycle. In the event any information on which the entity's pre-qualification is based has changed, such entity must submit all updated information by the August 1st deadline. In addition, all transmission developers must submit a full pre-qualification application once every 3 years.

23.5 Enrollment Requirement to Pre-Qualify as Eligible to Propose a Transmission Project for Potential Selection in a Regional Transmission Plan for RCAP: If a transmission developer or its parent company 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 22.2 to be eligible to pre-qualify to propose a transmission project for potential selection in a regional transmission plan for RCAP.

24. TRANSMISSION PROJECTS POTENTIALLY ELIGIBLE FOR SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP:

24.1 In order for a transmission project proposed by a transmission developer, whether incumbent or non-incumbent, to be considered for evaluation and potential selection in a regional transmission plan for RCAP, the project must be regional in nature in that it must be a transmission project effectuating significant bulk electric transfers across the SERTP region and addressing significant electrical needs in that it:

24.1.1 operates at a voltage of 300 kV or greater;

24.1.2 is a transmission line located in the SERTP region;

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spans 100 miles or more within

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24.1.3 spans at least 50 miles; and

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24.1.4 has two or more Beneficiaries.[14]

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24.2 In addition to satisfying the requirements of Section 24.1, 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 property and/or ROW, as the case may be.[15] The proposed transmission project also cannot be an upgrade to an existing facility. A transmission upgrade includes any expansion, partial replacement, or modification, for any purpose, made to existing transmission facilities, including, but not limited to:

24.2.1 transmission line reconductors;

24.2.2 the addition, modification, and/or replacement of transmission line structures and equipment;

24.2.3 increasing the nominal operating voltage of a transmission line;

24.2.4 the addition, replacement, and/or reconfiguration of facilities within an existing substation site;

24.2.5 the interconnection/addition of new terminal equipment onto existing transmission lines.

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For purposes of clarification, a transmission project proposed for potential selection in a regional transmission plan for RCAP may rely on the implementation of one or more transmission upgrades (as defined above) by the Impacted Utilities in order to reliably implement the proposed transmission project.

24.3 In order for the proposed transmission project to be a more efficient or cost effective alternative to the transmission projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration in the expansion planning process. A project will be deemed materially different, as compared to another transmission alternative(s) under consideration, if the proposal consists of significant geographical or electrical differences in the alternative's proposed interconnection point(s) or transmission line routing. Should the proposed transmission project be

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[14] A transmission developer is not responsible for determining whether a regional transmission project would have more than one Beneficiary; the Duke Transmission Provider will determine the Beneficiaries of any proposed transmission project.

[15] The proposed regional transmission project must not contravene state or local laws with regard to construction of transmission facilities.

deemed not materially different than projects already under consideration in the transmission expansion planning process, the Duke Transmission Provider will provide a sufficiently detailed explanation on the Regional Planning Website for Stakeholders to understand why such determination was made.

25. SUBMISSION OF PROPOSALS FOR POTENTIAL SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP

Any entity may propose a transmission project for consideration by the Duke Transmission Provider for potential selection in a regional transmission plan for RCAP.[16] An entity that wants to propose a transmission project for potential selection in a regional transmission plan for RCAP but does not intend to develop the transmission project may propose such transmission project in accordance with Section 25.6.

25.1 Materials to be Submitted: In order for a transmission project to be considered for RCAP, a pre-qualified transmission developer proposing the transmission project (including an incumbent or nonincumbent transmission developer) must provide to the Duke Transmission Provider the following information:

25.1.1 Sufficient information for the Duke Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 24;

25.1.2 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.);

25.1.3 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 may be asked to support such differences with supplemental information;

25.1.4 Data and/or files necessary to appropriately model the proposed transmission project;

25.1.5 Documentation of the specific transmission need(s) that the proposed transmission project is intended to address. This documentation should include a description of the transmission need(s), timing of the transmission need(s), and may include, the technical analysis performed

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[16] The regional cost allocation process provided hereunder in accordance with Sections 25-31 does not limit the ability of the Duke Transmission Provider and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.

to support that the proposed transmission project addresses the specified transmission need(s);

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25.1.6 A description of why the proposed transmission project is expected to be more efficient or cost effective than other transmission projects included in the then-current regional transmission plan. If available, and to facilitate the evaluation of the proposal and to mitigate the potential for disputes, the entity proposing the project for potential selection in a regional transmission plan for RCAP may submit documentation of detailed technical analyses performed that supports the position that the proposed transmission project addresses the specified transmission needs more efficiently or cost-effectively. Such optional documentation could include the following:

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25.1.6.1 Transmission projects in the latest transmission expansion plan or regional transmission plan that would be displaced by the proposed project,

25.1.6.2 Any additional projects that may be required in order to implement the proposed project, or

25.1.6.3 Any reduction/increase in real-power transmission system losses;

25.1.7 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;

25.1.7.1 The transmission developer should not expect to use the Duke Transmission Provider's right of eminent domain for ROW acquisition;

25.1.8 How the transmission developer intends to comply with all applicable standards and obtain the appropriate NERC certifications,

25.1.8.1 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;

25.1.9 The experience of the transmission developer specific to developing, constructing, maintaining, and operating the type of transmission facilities contained in the transmission project proposed for potential selection in a regional transmission plan for RCAP,

25.1.9.1 Including verifiable past achievements of containing costs and adhering to construction schedules for transmission projects of similar size and scope as the proposed transmission project, and

25.1.9.2 Including a description of emergency response and restoration of damaged equipment capability

25.1.10 The planned or proposed project implementation management teams and the types of resources, including relevant capability and experience, contemplated for use in the development and construction of the proposed project;

25.1.11 A written commitment to comply with all applicable standards, including Good Utility Practices, governing the engineering, design, construction, operation, and maintenance of transmission projects in the SERTP region; and

25.1.12 Evidence of the ability of the transmission developer, its affiliate, partner or parent company to secure a financial commitment from an approved financial institution(s) agreeing to finance the construction, operation, and maintenance of the transmission project if selected in a regional transmission plan for RCAP.

25.2 Administrative Fee: 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:

25.2.1 The proposal is determined to not satisfy the qualification criteria in Section 25.1; or

25.2.2 The transmission developer withdraws its proposal by providing written notification of its intention to do so to the Duke Transmission Provider prior to the First RPSG Meeting and Interactive Training Session for that transmission planning cycle.

25.3 Deadline for Transmission Developer Submittals: 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 and payment identified in Sections 25.1-25.2 to the Duke Transmission Provider in accordance with the submittal instructions 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.

25.4 Initial Review of Submittal and Opportunity for Cure: The Duke Transmission Provider will notify transmission developers who propose a transmission project for potential selection in a regional transmission plan for RCAP whose submittals do not meet the requirements specified in Sections 25.1-25.2, or who provide an incomplete submittal, within 45 calendar days of the submittal deadline to allow the transmission developer 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. The Duke Transmission Provider will notify the transmission developer, whether they have adequately remedied the deficiency within 30 calendar days of the resubmittal. Should the deficiency(ies) remain unremedied, then the transmission project will not be considered for RCAP.

25.5 Change in the Qualification Information or Circumstances:

25.5.1 The transmission developer proposing a transmission project for potential selection in a regional transmission plan for RCAP has an obligation to update and report in writing to the Duke Transmission Provider any change to its or its parent company's information that was provided as the basis for its satisfying the requirements of Sections 23 through 31, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 25.1.6 to reflect updated transmission planning data as the transmission planning cycle(s) progresses.

25.5.2 The transmission developer must inform the Duke Transmission Provider of the occurrence of any of the developments described in (1) or (2) below should the following apply (and within the prescribed time period): (i) within five (5) business days of the occurrence if the transmission developer has a pre-qualification application pending as of the date of the occurrence; (ii) upon the submission of a renewal request for pre-qualification should the development have occurred since the transmission developer was pre-qualified; (iii) prior to, or as part of, proposing a transmission project for potential selection in a regional transmission plan for RCAP pursuant to Section 25.1 should the development have occurred since the transmission developer was pre-qualified; and (iv) within five (5) business days of the occurrence if the transmission developer has a transmission project either selected or under consideration for selection in a regional transmission plan for RCAP. These notification requirements are applicable upon the occurrence of any of the following:

25.5.2.1 the existence of any material new or ongoing investigations against the transmission developer by the Commission, the Securities and Exchange Commission, or any other governing, regulatory, or standards body that has been or was required to be made public; if its parent company has been relied upon to meet the requirements of Section 23.1.2 or Section 31, such information must be provided for the parent company and, in any event, with respect to any affiliate that is a transmitting utility; and

25.5.2.2 any event or occurrence which could constitute a material adverse change in the transmission developer's (and, if the parent company has been relied upon to meet the requirements of Section 23.1.2 or Section 31, the parent company's) financial condition (Material Adverse Change) such as:

(1) A downgrade or suspension of any debt or issuer rating by any Rating Agency,

(2) Being placed on a credit watch with negative implications (or similar) by any Rating Agency,

(3) A bankruptcy filing or material default or defalcation,

(4) Insolvency,

(5) A quarterly or annual loss or a decline in earnings of twenty-five percent (25%) or more compared to the comparable year-ago period,

(6) Restatement of any prior financial statements, or

(7) Any government investigation or the filing of a lawsuit that reasonably would be expected to adversely impact any current or future financial results by twenty-five percent (25%) or more.

25.5.3 If at any time the Duke Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional transmission plan for RCAP no longer satisfies such requirements specified in Sections 23-25, then the Duke Transmission Provider will so notify the transmission developer or entity who will have fifteen (15) calendar days to cure. If the transmission developer does not meet the fifteen (15) day deadline to cure, or if the Duke Transmission Provider determines that the transmission developer continues to no longer satisfy the requirements specified in Sections 23-25 despite the transmission developer's efforts to cure, then the Duke Transmission Provider may, without limiting its other rights and remedies, immediately remove the transmission developer's potential transmission project(s) from consideration for potential selection in a regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

25.6 Projects Proposed for RCAP Where the Entity Making the Proposal Does Not Intend to be the Developer of the Project: Any Stakeholder may propose a potentially more cost effective or efficient transmission project for consideration in the transmission planning process in accordance with Section 15.5.3, and nothing herein limits the ability of a Stakeholder and other entities to negotiate alternative transmission development arrangements voluntarily and separately from the processes provided in this Attachment N-1. Should an entity propose a transmission project for potential selection in a regional transmission plan for RCAP but not intend to develop the project, then the following applies. Such an entity must submit the information required by Sections 25.1.1, 25.1.5, and 25.1.6 for a regional transmission project eligible for potential selection in a regional transmission plan for RCAP within the sixty (60) day window established in 25.3. Provided that the proposal complies with those requirements, the Duke Transmission Provider will make information describing the proposal available on the Regional Planning Website. The entity proposing the transmission project should coordinate with a transmission developer (either incumbent or nonincumbent) to have the developer submit the remaining information and materials required by Section 25. A pre-qualified transmission developer, should it decide to proceed, must submit the materials required by Section 25 within the sixty (60) day window established in Section 25.3 in order for the proposed transmission project to be considered for selection in a regional transmission plan for RCAP. If such a transmission project has not been so submitted within the sixty (60) day window established in Section 25.3, then the Duke Transmission Provider may treat the project as a Stakeholder-proposed transmission project alternative pursuant to Section 15.5.3. Furthermore, should the Duke Transmission Provider identify in the regional transmission planning process a regional transmission project that is selected in the regional transmission plan for RCAP that does not have a transmission developer that intends or is able to develop the project, the Duke Transmission Provider will identify such project on the Regional Planning Website. A prequalified transmission developer that desires to develop the project, whether incumbent or non-incumbent, may then propose the transmission project, pursuant to Sections 24 and 25, as the intended transmission developer for the project's on-going consideration in a regional transmission plan for RCAP.

26. EVALUATION AND POTENTIAL SELECTION OF PROPOSALS FOR SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP

26.1 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 Duke Transmission Provider will evaluate current transmission needs and assess alternatives to address current needs including the potential transmission projects proposed for possible selection in a regional transmission plan for RCAP by transmission developers consistent with the regional evaluation process described in Section 20. Such evaluation will be in accordance with, and

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subject to (among other things), state law pertaining to transmission ownership, siting, and construction. Utilizing coordinated models and assumptions, the Duke Transmission Provider will perform analyses, including power flow, dynamic, and short circuit analyses, as necessary and, applying its planning guidelines and criteria to evaluate submittals, determine whether, throughout the ten (10) year planning horizon:

26.1.1 The proposed transmission project addresses an underlying transmission need(s);

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26.1.2 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 (consistent with the reevaluation of the projects included in a regional transmission plan as described in Section 28) by the proposed transmission project, including;

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26.1.2.1 transmission projects in the Duke Transmission Provider's ten year transmission expansion plan,

26.1.2.2 transmission projects in the regional transmission plan, including those currently under consideration and/or selected for RCAP;

26.1.3 The proposed transmission project addresses a transmission need(s) for which no transmission project is currently included in the latest ten (10) year expansion plans and/or regional transmission plan. If so, the Duke Transmission Provider will identify an alternative transmission project(s) which would be required to fully and appropriately address the same transmission need(s) (*e.g.*, otherwise considered to be the more efficient or cost effective transmission alternative). The Duke Transmission Provider will identify and evaluate such an alternative transmission project(s) consistent with the processes described in Sections 1 to 11 and 20;

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26.1.4 Any additional projects that would be required to implement the proposed transmission project;

26.1.5 The proposed transmission project reduces and/or increases real power transmission losses on the transmission system within the SERTP region.

Previous analysis may be used, either in part or in whole, if applicable to the evaluation of the proposed regional transmission project. Stakeholders may provide input into the evaluation of RCAP proposals throughout the SERTP process consistent with Section 15.5.3

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

26.2.1 Based upon the evaluation outlined in Section 26.1, the Duke Transmission Provider will assess whether the transmission developer's transmission project proposed for potential selection in a regional transmission plan for 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 individual Impacted Utility should incur increased, unmitigated transmission costs.[17]

26.2.1.1 The benefit used in this calculation for purposes of assessing the transmission developer's proposed transmission project will be quantified by the Beneficiaries' total cost savings in the SERTP region associated with:

(1) All transmission projects in the ten (10) year transmission expansion plan which would be displaced, as identified pursuant to Section 26.1;

(2) All regional transmission projects included in the regional transmission plan which would be displaced, as identified pursuant to Section 26.1 and to the extent no overlap exists with those transmission projects identified as displaceable in the Duke Transmission Provider's ten (10) year transmission expansion plan. This includes transmission projects currently selected in the regional transmission plan for RCAP; and

(3) All alternative transmission project(s), as determined pursuant to Section 26.1 that would be required in lieu of the proposed regional transmission project, if the proposed regional transmission project addresses a transmission need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.

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26.2.1.2 The cost used in this calculation will be quantified by the transmission cost within the SERTP region associated with:

[17] 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 N-1, the terms "Impacted Utilities" shall mean: i) the Beneficiaries identified in the evaluation of the proposed transmission project and ii) any entity identified in this Section 26.2.1 to potentially have increased costs on its transmission system located in the SERTP region in order to implement the proposal.

(1) The project proposed for selection in a regional transmission plan for RCAP; and

(2) Any additional projects within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 26.1.

(3) For interregional transmission projects proposed for purposes of cost allocation between the SERTP and a neighboring region(s), the cost used in this calculation will be quantified by the transmission cost of the project multiplied by the allocation of the transmission project's costs (expressed as a fraction) to the SERTP region as specified in the applicable interregional cost allocation procedures, plus the transmission costs of any additional project within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 26.1.

26.2.1.3 If the initial BTC calculation results in a ratio equal to or greater than 1.0, then the Duke Transmission Provider will calculate the estimated change in real power transmission losses on the transmission system(s) of Impacted Utilities located in the SERTP. In that circumstance, an updated BTC ratio will be calculated consistent with Section 26.2. in which:

26.2.1.4 The cost savings associated with a calculated reduction of real power energy losses on the transmission system(s) will be added to the benefit; and

26.2.1.5 The cost increase associated with a calculated increase of real power energy losses on the transmission system(s) will be added to the cost.

26.2.2 The Duke 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. If the Duke Transmission Provider uses a cost estimate different than a detailed cost estimate(s) provided by the transmission developer for use in performing the regional benefit-to-cost ratio, the Duke Transmission Provider will provide a detailed explanation of such difference to the transmission developer.

26.2.3 The cost savings and/or increase associated with real power losses on the transmission system(s) within the SERTP region with the implementation of the proposed regional transmission project will be estimated for each Impacted Utility throughout the ten (10) year transmission planning horizon as follows:

26.2.3.1 The Duke Transmission Provider will utilize power flow models to determine the change in real power losses on the transmission system at estimated average load levels.

(a) If the estimated change in real power transmission losses is less than 1 MW on a given transmission system of an Impacted Utility, no cost savings and/or cost increase for change in real power transmission losses on such system will be assigned to the proposal.

26.2.3.2 The Duke Transmission Provider will estimate the energy savings associated with the change in real power losses utilizing historical or forecasted data that is publicly available (*e.g.*, FERC Form 714).

26.2.4 Within 30 days of the Duke Transmission Provider completing the foregoing regional benefit-to-cost analysis, the Duke Transmission Provider will notify the transmission developer of the results of that analysis. For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule for the following activities specified below, with the schedule to be developed within 90 days of the notification: 1) the transmission developer providing detailed financial terms for its proposed project and 2) the proposed transmission project to be reviewed by the jurisdictional and/or governance authorities of the Impacted Utilities pursuant to Section 26.4 for potential selection in a regional transmission plan for RCAP.[18]

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26.3 The Transmission Developer to Provide More Detailed Financial Terms and the Performance of a Detailed Transmission Benefit-to-Cost Analysis:

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26.3.1 By the date specified in the schedule established in Section 26.2.4, the transmission developer shall identify the detailed financial terms for its

[18] The schedule established in accordance with Section 26.2.4 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 Duke 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.

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proposed project, establishing in detail: (1) the total cost to be allocated to the Beneficiaries if the proposal were to be selected in a regional transmission plan for RCAP, and (2) the components that comprise that cost, such as the costs of:

26.3.1.1 Engineering, procurement, and construction consistent with Good Utility Practice and standards and specifications acceptable to the Duke Transmission Provider,

26.3.1.2 Financing costs, required rates of return, and any and all incentive-based (including performance based) rate treatments,

26.3.1.3 Ongoing operations and maintenance of the proposed transmission project,

26.3.1.4 Provisions for restoration, spare equipment and materials, and emergency repairs, and

26.3.1.5 Any applicable local, state, or federal taxes.

26.3.2 To determine whether the proposed project is considered at that time to remain a more efficient or cost effective alternative, the Duke Transmission Provider will then perform a more detailed 1.25 transmission benefit-to-cost analysis consistent with that performed pursuant to Section 26.2.1. This more detailed transmission benefit-to-cost analysis will be based upon the detailed financial terms[19] provided by the transmission developer, as may be modified by agreement of the transmission developer and Beneficiary(ies), and any additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) as provided by the Impacted Utilities that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power transmission loss impacts.[20] Once the Duke Transmission Provider has determined the outcome of the aforementioned regional benefit-to-cost analysis, the Transmission Provider will notify the transmission developer within 30 days of the outcome.

[19] The detailed financial terms are to be provided by the date specified in the schedule to be developed by the Impacted Utilities and the transmission developer in accordance with Section 26.2.4.

[20] 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 26.2.1.

26.3.3 To provide for an equitable comparison, the costs of the transmission projects that would be displaced and/or required to be implemented in such a detailed benefit-to-cost analysis will include comparable cost components as provided in the proposed project's detailed financial terms (and vice-versa), as applicable. The cost components of the transmission projects that would be displaced will be provided by the Duke Transmission Provider and/or other Impacted Utilities who would own the displaced transmission project. The cost components of the proposed transmission project and of the transmission projects that would be displaced will be reviewed and scrutinized in a comparable manner in performing the detailed benefit to cost analysis.

26.4 Jurisdictional and/or Governance Authority Review : Should the proposed transmission project be found to satisfy the more detailed benefit-to-cost analysis specified in Section 26.3, the state jurisdictional and/or governance authorities of the Impacted Utilities will be provided an opportunity to review the transmission project proposal and otherwise consult, collaborate, inform, and/or provide recommendations to the Duke Transmission Provider. The recommendations will inform the Duke Transmission Provider's selection decision for purposes of Section 26.5, and such a recommendation and/or selection of a project for inclusion in a regional transmission plan for RCAP shall not prejudice the state jurisdictional and/or governance authority's (authorities') exercise of any and all rights granted to them pursuant to state or Federal law with regard to any project evaluated and/or selected for RCAP that falls within such authority's (authorities') jurisdiction(s).

26.5 **Selection of a Proposed Transmission Project for RCAP:**

26.5.1 The Duke Transmission Provider will select a transmission project (proposed for RCAP) for inclusion in the regional transmission plan for RCAP for the then-current planning cycle if the Duke Transmission Provider determines that the project is a more efficient or cost effective transmission project as compared to other alternatives to reliably address transmission need(s).[21] Factors considered in this determination include:

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26.5.1.1 Whether the project meets or exceeds the detailed benefit-to-cost analysis performed pursuant to Section 26.3. Such detailed benefit-to-cost analysis may be reassessed, as

[21] Being selected for RCAP in the then-current iteration of a regional transmission plan only provides how the costs of the transmission project may be allocated in Commission-approved rates should the project be built. Being selected in a regional transmission plan 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 being selected in a regional transmission plan for RCAP in accordance with the provisions of Sections 25.4, 28, 29, 30 and 31.

appropriate, based upon the then-current Beneficiaries and to otherwise reflect additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power transmission loss impacts;

26.5.1.2 Any recommendation provided by state jurisdictional and/or governance authorities in accordance with Section 26.4 including whether the transmission developer is considered reasonably able to construct the transmission project in the proposed jurisdiction(s);

26.5.1.3 Whether, based on the timing for the identified transmission need(s) and the stages of project development provided by the transmission developer in accordance with Section 25.1 and as otherwise may be updated, the transmission developer is considered to be reasonably able to construct and tie the proposed transmission project into the transmission system by the required in-service date;

Deleted: stages of project development provided by the transmission developer in accordance with Section 25.1 and as otherwise may be updated, the transmission developer should be considered reasonably able to acquire the necessary rights-of-way ("ROW");¶
Whether, based on the

Deleted: Transmission Need

26.5.1.4 Whether it is reasonably expected that the Impacted Utilities will be able to construct and tie-in any additional facilities on their systems located within the SERTP region that are necessary to reliably implement the proposed transmission project; and

26.5.1.5 Any updated qualification information regarding the transmission developer's finances or technical expertise, as detailed in Section 23.

The Duke Transmission Provider will post on the Regional Planning Website its determination regarding whether a proposed project will be selected for inclusion in the regional transmission plan for RCAP for that transmission planning cycle. The Duke Transmission Provider will document its determination in sufficient detail for Stakeholders to understand why a particular project was selected or not selected for RCAP and will make this supporting documentation available to the transmission developer or Stakeholders, subject to any applicable confidentiality requirements. For projects selected in the regional transmission plan for purposes of RCAP, the documentation will also include sufficient information regarding the application of the regional cost allocation method to determine the benefits and identify the Beneficiaries of the proposed regional transmission project.

26.5.2 If a regional transmission project is selected in the regional transmission plan for purposes of RCAP, the Duke Transmission Provider will perform analyses to determine whether, throughout the ten (10) year planning horizon, the proposed transmission project could potentially result in reliability impacts to the transmission system(s) of an adjacent neighboring transmission planning region(s). If a potential reliability impact is identified, the Duke Transmission Provider will coordinate with the neighboring planning region on any further evaluation. The costs associated with any required upgrades identified in neighboring planning regions will not be included for RCAP within the SERTP.

27. COST ALLOCATION TO THE BENEFICIARIES:

If a regional transmission project is selected in a regional transmission plan for RCAP in accordance with Section 26.5 and then constructed and placed into service, the Beneficiaries will be allocated the regional transmission project's costs based upon their cost savings calculated in accordance with Section 26.3 and associated with:

27.1 The displacement of one or more of the transmission projects previously included in their ten (10) year transmission expansion plan.

27.2 The displacement of one or more regional transmission projects previously included in the regional transmission plan. More specifically, if a regional transmission project addresses the same transmission need(s) as a transmission project selected in a regional transmission plan for RCAP and displaces the original RCAP project as a more efficient or cost effective alternative, this cost allocation component will be based upon the costs of the original RCAP project that were to be allocated to the Beneficiaries in accordance with the application of the regional cost allocation method to the transmission project being displaced.

27.3 Any alternative transmission project(s) that would be required in lieu of the regional transmission project, if the proposed regional transmission project addresses a transmission need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.

27.4 The reduction of real power transmission losses on their transmission system.

28. ON-GOING EVALUATIONS OF PROPOSED PROJECTS:

28.1 In order to ensure that the Duke 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 remains the more efficient or cost effective alternative, the Duke Transmission Provider will continue to reevaluate the regional transmission plan throughout the then-current planning cycle and in subsequent cycles. This continued reevaluation will assess, in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions, the then-current transmission needs and determine whether transmission projects included in the regional transmission plan (i)

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continue to be needed and (ii) are more efficient or cost effective as compared to alternatives.

28.1.1 These on-going assessments will include reassessing transmission projects that have been selected in the regional transmission plan for RCAP and any projects that are being considered for potential selection in a regional transmission plan for RCAP.

28.2 Even though a transmission project may have been selected in a regional transmission plan for RCAP in an earlier regional transmission plan, if it is determined that the transmission project is no longer needed and/or it is no longer more efficient or cost effective than alternatives, then the Duke Transmission Provider may notify the transmission developer and remove the proposed project from being selected in a regional transmission plan for RCAP.

28.3 The cost allocation of a regional transmission project selected in a regional transmission plan for RCAP that remains selected in the regional transmission plan for RCAP may be modified in subsequent planning cycles based upon:

28.3.1 The then-current determination of benefits (calculated consistent with Section 26.3),

28.3.2 Cost allocation modifications as mutually agreed by the Beneficiaries, or

28.3.3 Cost modifications, as found acceptable by both the transmission developer and the Beneficiary(ies).

All prudently incurred costs of the regional transmission project will be allocated if the project remains selected in the regional plan for RCAP and is constructed and placed into service.

28.4 The reevaluation of the regional transmission plan will include the reevaluation of a particular transmission project included in the regional transmission plan until it is no longer reasonably feasible to replace the proposed transmission project as a result of the proposed transmission project being in a material stage of construction and/or if 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.

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29. DELAY OR ABANDONMENT:

29.1 The transmission developer shall promptly notify the Duke Transmission Provider should any material changes or delays be encountered in the development of a potential transmission project selected in a regional transmission plan for RCAP. As part of the Duke Transmission Provider's on-going transmission planning efforts, the Duke Transmission Provider will assess whether alternative transmission solutions may be required in addition to, or in place of, a potential transmission project selected in a regional transmission plan for RCAP due to the delay in its development or abandonment of the project. The identification and evaluation of potential transmission project alternative solutions may include transmission project alternatives identified by the Duke Transmission Provider to include in the ten year transmission expansion plan. Furthermore, nothing precludes the Duke Transmission Provider from proposing such alternatives for potential selection in a regional transmission plan for RCAP pursuant to Section 25.

29.2 Based upon the alternative transmission projects identified in such on-going transmission planning efforts, the Duke Transmission Provider will evaluate the transmission project alternatives consistent with the regional planning process. The Duke Transmission Provider will remove a delayed project from being selected in a regional transmission plan for RCAP if the project no longer:

29.2.1 Adequately addresses underlying transmission needs by the required transmission need dates; and/or

29.2.2 Remains more efficient or cost effective based upon a reevaluation of the detailed benefit-to-cost calculation. The BTC calculation will factor in any additional transmission solutions required to implement the proposal (*e.g.*, temporary fixes) and will also compare the project to identified transmission project alternatives.

30. MILESTONES OF REQUIRED STEPS NECESSARY TO MAINTAIN STATUS AS BEING SELECTED FOR RCAP:

30.1 Once a regional transmission project is selected in a regional transmission plan for RCAP, the transmission developer must submit a development schedule to the Duke Transmission Provider and the Impacted Utilities that establishes the milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones include (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals. A development schedule will also need to be established for any additional projects by Impacted Utilities that are determined necessary to integrate the transmission projects selected in a regional transmission plan for RCAP. The schedule and milestones must be satisfactory to the Duke Transmission Provider and the Impacted Utilities.

30.2 In addition, the Beneficiaries will also determine and establish the deadline(s) by which the transmission developer must provide security/collateral for the proposed project that has been selected in a regional transmission plan for RCAP to the Beneficiaries or otherwise satisfy requisite creditworthiness requirements. The security/collateral/creditworthiness requirements shall be as described or referenced in Section 31.

30.3 If such critical steps are not met by the specified milestones and then afterwards maintained, then the Duke Transmission Provider may remove the project from

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Deleted: <#>Without limiting the Impacted Utilities' other rights and remedies, if a transmission developer's delay or abandonment of a project leads to damages or increased costs to the Impacted Utilities or their customers, and if that delay or abandonment is not otherwise excused by the Impacted Utilities, then the transmission developer shall be responsible for and pay to the Impacted Utilities, upon demand, all damages, costs, and/or expenses incurred or reasonably expected to be incurred by the Impacted Utilities or their customers due or attributable to any such delay or abandonment, including, without limitation:¶
<#>damages, increased costs, and/or expenses to the Impacted Utilities incurred or reasonably expected to be incurred by having someone other than the transmission developer complete the transmission project;¶
<#>damages, increased costs, and/or expenses to the Impacted Utilities incurred or reasonably expected to be incurred in order to pursue, and/or complete, alternative solutions to address the underlying transmission need(s);¶
<#>damages, costs, and/or expenses to the Impacted Utilities for abandoned plant costs that the Impacted Utilities incurred or reasonably expected to be incurred due to the transmission developer's delay or abandonment;¶
<#>damages, increased costs, and/or expenses to the Impacted Utilities incurred or reasonably expected to be incurred due to the implementation of operational remedies and measures attributable to the transmission developer's delay or abandonment;¶
<#>financing, labor, equipment and capital costs incurred or reasonably expected to be incurred to implement interim and alternative solutions; and ¶
<#>any other documentable damages, increased costs, expenses, penalties, and/or fines to the Impacted Utilities incurred or reasonably expected to be incurred attributable to the transmission developer's delay or abandonment;¶
Eligible Developer Collateral provided pursuant to Section 31 will, among other things, secure and support the transmission developer's payment obligations to the Beneficiaries under this Section 29.3.¶

being selected in a regional transmission plan for RCAP.

31. CREDIT AND SECURITY REQUIREMENTS TO PROTECT THE BENEFICIARIES AGAINST DELAY OR ABANDONMENT OF A TRANSMISSION PROJECT SELECTED IN A REGIONAL TRANSMISSION PLAN FOR RCAP

31.1 Demonstration of Financial Strength**:** In order for a project to be selected and remain selected in a regional transmission plan for RCAP, the transmission developer must satisfy the following:

31.1.1 Consistent with Sections 23.1 and 25.5.3, the transmission developer for such project or its parent company providing the Beneficiaries with a parent guaranty ("Parent Guarantor") must have and maintain a Credit Rating of BBB- (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies, or the transmission developer must be Unrated and have and maintain a Rating Equivalent of BBB- or better.

31.1.2 In addition to the requirements of Section 31.1.1, the transmission developer must satisfy one of the following by and at all times after the deadline established pursuant to Section 30.2:

31.1.2.1 The transmission developer must (i) have and maintain a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies or (ii) be Unrated and have and maintain a Rating Equivalent of BBB+ or better; or

31.1.2.2 The transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral (as defined in Section 31.4 below) in an amount equal to twenty-five percent (25%) of the total costs of the transmission developer's projects selected in a regional transmission plan for RCAP.

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31.2 Limitation of Exposure

31.2.1 Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer satisfying the requirements of Section 31.1.2.1 above if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the transmission developer's Tangible Net Worth if the transmission developer has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the "Cap"). In such event, the transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the transmission developer's Tangible Net Worth. For purposes hereof, "Tangible Net Worth" shall be equal to the relevant entity's total equity minus its intangible assets and also minus its goodwill.

31.2.2 Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer or its affiliates who are satisfying the requirements of Section 31.1.2.2 or 31.2.1 above by providing and maintaining a Developer Parent Guaranty (as defined in Section 31.4 below) if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the Parent Guarantor's Tangible Net Worth if such Parent Guarantor has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the "Guarantor Cap"). In such event, the transmission developer must provide to and maintain with the Beneficiaries an acceptable Irrevocable Letter of Credit in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Guarantor Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the Parent Guarantor's Tangible Net Worth.

31.3 Credit Evaluation/Updates

31.3.1 On at least an annual basis, a transmission developer with a transmission project selected in a regional transmission plan for RCAP will provide the Beneficiaries with an updated, completed application and the updated information described in Section 23.1.

31.3.2 On at least an annual basis, or more often if there is a Material Adverse Change in the financial condition and/or a relevant change in the Tangible Net Worth of the transmission developer or its Parent Guarantor or if there are issues or changes regarding a transmission project, the Beneficiaries may review the Credit Rating and review and update the Rating Equivalent, Cap, Guarantor Cap and Eligible Developer Collateral requirements for said transmission developer. In the event said transmission developer is required to provide additional Eligible Developer Collateral as a result of the Beneficiaries' review/update, the Beneficiaries will notify the transmission developer and such additional Eligible Developer Collateral must be provided within five (5) business days of such notice, all in amount and form approved by the Beneficiaries.

31.4 Eligible Developer Collateral: Acceptable forms of eligible collateral meeting the requirements referenced below and the Beneficiaries' approval (the "Eligible

Developer Collateral") may be either in the form of an irrevocable letter of credit ("Irrevocable Letter of Credit") or parent guaranty issued by a Parent Guarantor who has and maintains a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and does not have or obtain less than any such Credit Rating by any of the Rating Agencies ("Developer Parent Guaranty"). Acceptable forms of Eligible Developer Collateral and related requirements and practices will be posted and updated on the Regional Planning Website and/or provided to the relevant transmission developer directly.

31.4.1 Each Beneficiary shall require an Irrevocable Letter of Credit to be issued to it in a dollar amount equal to the percentage of the costs of a transmission developer's transmission projects allocated or proposed to be allocated to it ("Percentage") multiplied by the aggregate dollar amount of all Irrevocable Letters of Credit constituting or to constitute Eligible Developer Collateral for such transmission projects.

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31.4.2 Each Beneficiary shall require a Developer Parent Guaranty to be issued to it in a dollar amount equal to its Percentage multiplied by the aggregate dollar amount of all Developer Parent Guaranties constituting or to constitute Eligible Developer Collateral for such transmission projects.

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31.4.2.1 A transmission developer supplying a Developer Parent Guaranty must provide and continue to provide the same information regarding the Parent Guarantor as is required of a transmission developer, including rating information, financial statements and related information, references, litigation information and other disclosures, as applicable.

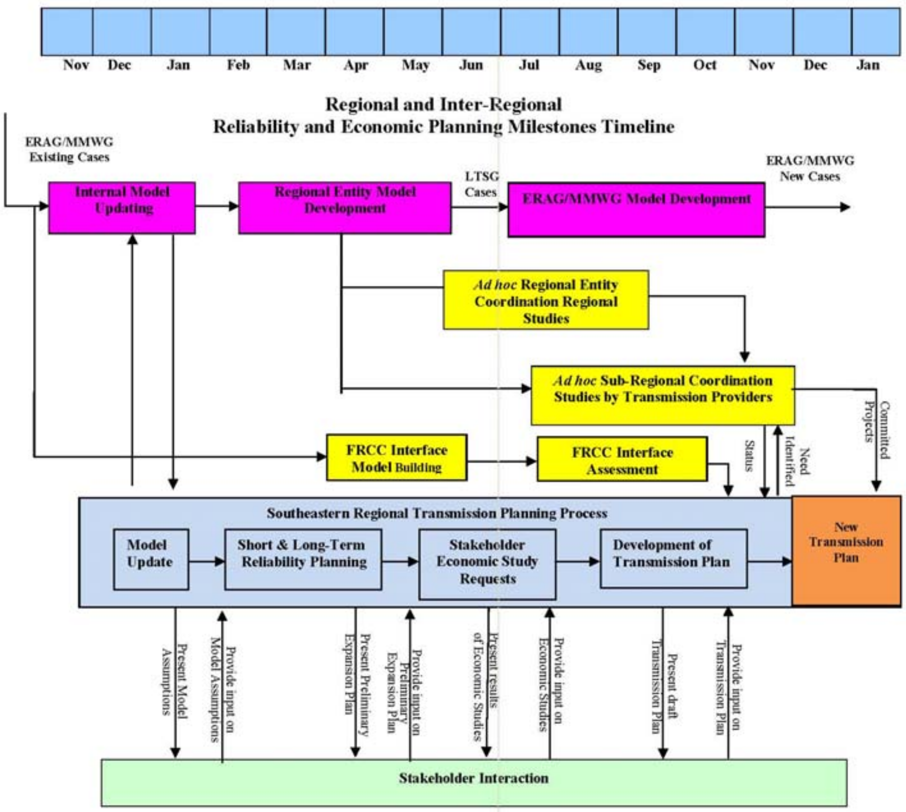
31.4.2.2 All costs associated with obtaining and maintaining Irrevocable Letters of Credit and/or Developer Parent Guaranties and meeting the requirements of this Section 31 are the responsibility of the transmission developer.

31.4.2.3 The Beneficiaries reserve the right to deny, reject, or terminate acceptance and acceptability of any Irrevocable Letter of Credit or any Developer Parent Guaranty as Eligible Developer Collateral at any time for reasonable cause, including the occurrence of a Material Adverse Change or other change in circumstances.

31.5 Cure Periods/Default: If a transmission developer fails to comply with the requirements of this Section 31 and such failure is not cured within ten (10) business days after its initial occurrence, the Beneficiaries may declare such transmission developer to be in default hereunder and/or the Beneficiaries may, without limiting their other rights and remedies, revise the Cap, Guarantor Cap and Eligible Developer Collateral requirements; further, if such failure is not cured within an additional ten (10) business days, the Beneficiaries may, without limiting their other rights and remedies, immediately remove any or all of the transmission developer's projects from consideration for potential selection in the regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

Appendix 1
[Reserved]

Appendix 2



Nov
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Regional and Inter-Regional
Reliability and Economic Planning Milestones Timeline
ERAG/MMWG Existing Cases
Internal Model Updating
Regional Entity Model Development
LTSG Cases
ERAG/MMWG Model Development
ERAG/MMWG New Cases
Ad hoc Regional Entity Coordination Regional Studies
Ad hoc Sub-Regional Coordination Studies by Transmission Providers
Committed Projects
Need Identified
Status
FRCC Interface Model Building
FRCC Interface Assessment
Southeastern Regional Transmission Planning Process
Model Update
Short & Long-Term Reliability Planning
Stakeholder Economic Study Requests
Development of Transmission Plan
New Transmission Plan
Present Model Assumptions
Provide input on Model Assumptions
Present Preliminary Expansion Plan
Provide input on Preliminary Expansion Plan
Present results of Economic Studies
Provide input on Economic Studies
Present draft Transmission Plan
Provide input on Transmission Plan
Stakeholder Interaction

Appendix 3

Sector Voting Example

The example below illustrates the TAG Sector Voting Process. For purposes of explaining the example, we assume that the General Public (GP) Sector has 10 Individuals present. In addition to the 10 Individuals, there are 17 other TAG Sector Entities present, spread across four TAG Sectors (Cooperative LSEs (Coop LSE); Municipal LSEs (Muni LSE); Investor-Owned LSEs (IOU LSE); and Transmission Customers (TC)). These 17 TAG Sector Entities may each have several TAG participants present but only one may vote in one sector. Each Individual and TAG Sector Entity casts their vote, which vote is then weighted based on the number of persons/entities voting in the TAG Sector of which they are a member. E.g., since there are six Coop LSEs is present, each Coop LSE's vote is worth 1.00/6 or .166 (*see* Columns 4 and 5 for weighted vote). As the final step, the votes are weighted again, based on the number of TAG Sectors present. With five TAG Sectors present, each Sector Yes Vote and Sector No Vote is multiplied by 1.00/5 = .20. The weighted total is reported in columns 6 and 7. In the example, the No votes have won .53 to .47.

Column	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Sector	**No. of Voters**	**Yes Votes**	**No Votes**	**Sector Yes Vote**	**Sector No Vote**	**Weighted Sector Yes**	**Weighted Sector No Vote**
Coop LSE	6	6	0	1.00	0	.20	0
Muni LSE	8	2	6	.25	.75	.05	.15
IOU LSE	2	1	1	.50	.50	.10	.10
TP/TO	0	0	0	0	0	0	0
TCs	1	0	1	0	1.00	0	.20
GICs	0	0	0	0	0	0	0
ECs	0	0	0	0	0	0	0
GP	10	6	4	.60	.40	.12	.08
Total Vote						0.47	0.53

ATTACHMENT N-1

TRANSMISSION PLANNING PROCESS
(Progress Zone and Duke Zone)

1. INTRODUCTION

Duke Energy Carolinas, LLC (Duke) and Duke Energy Progress, Inc. (Progress) (sometimes referred to individually as "Company" and collectively "Companies"), entities with transmission facilities located in the states of North Carolina and South Carolina, ensure that their entire Transmission Systems (i.e., both the portions located in North Carolina and the portions located in South Carolina) are planned in accordance with the local transmission planning requirements imposed by Order Nos. 890 and 1000 through the process developed by the North Carolina Transmission Planning Collaborative (NCTPC Process or Local Planning Process). The NCTPC was formed by the following load serving entities (LSEs) in the State of North Carolina: Duke, Progress, ElectriCities of North Carolina (ElectriCities), and the North Carolina Electric Membership Corporation (NCEMC) (collectively, NCTPC Participants or Participants).

The Companies ensure that their Transmission Systems are planned in accordance with the regional planning requirements imposed by Order No. 1000 through participation in the Southeastern Regional Transmission Planning Process (SERTP or SERTP Process).

In addition to engaging in local transmission planning through the NCTPC Process and regional transmission planning through the SERTP Process, the Companies engage in additional coordination activities with transmission providers located inside and outside their region, as discussed in Section 11. Such activities include participation in SERC Reliability Corporation (SERC), which focuses on reliability assessments. The SERTP engages in interregional coordination as described in Attachment N-1 – FRCC, Attachment N-1 – MISO, Attachment N-1 – PJM, Attachment N-1 – SCRTP, and Attachment N-1 – SPP.

Unless noted otherwise, Section references in this Attachment N-1 refer to Sections within this Attachment N-1.

PART I -- LOCAL PLANNING PROCESS

2. NCTPC PROCESS OVERVIEW INCLUDING THE PROCESS FOR CONSULTING WITH TAG PARTICIPANTS

The NCTPC will annually develop a single, coordinated local transmission plan (Local Transmission Plan) that appropriately balances costs, benefits, and risks associated with the use of transmission, generation, and demand-side resources to meet the needs of LSEs as well as Transmission Customers under this Tariff.

2.1 The North Carolina Transmission Planning Collaborative Participation Agreement (Participation Agreement) governs the NCTPC and the NCTPC Process. The Participation Agreement is located on the NCTPC Website (http://www.nctpc.org/nctpc/).

2.2 The NCTPC Process is summarized in a document entitled *North Carolina Transmission Planning Collaborative Process* that is located on the NCTPC Website.

2.3 Participation in the NCTPC

2.3.1 Pursuant to the *Participation Agreement*, the NCTPC has three components: the Oversight/Steering Committee (OSC), the Planning Working Group (PWG), and the Transmission Advisory Group (TAG).

2.3.2 Eligibility for participation in the three NCTPC components is as follows:

2.3.2.1 The appointment of OSC members by the NCTPC Participants is governed by the *Participation Agreement*. The qualifications required to serve on the OSC are set forth in a document entitled *Scope - Oversight/Steering Committee* that is located on the NCTPC Website.

2.3.2.2 The appointment of PWG members by the NCTPC Participants is governed by the *Participation Agreement*. The qualifications required to serve on the PWG are set forth in a document entitled *Scope - Planning Working Group* that is located on the NCTPC Website.

2.3.2.3 Anyone may participate in TAG meetings and sign-up to receive TAG communications. The TAG is comprised of TAG participants. An employee or agent of a NCTPC Participant who 1) performs or supervises transmission planning activities or 2) is a member of the OSC or PWG may not be a TAG participant, but employees or agents of NCTPC Participants that perform activities other than transmission planning activities may be TAG participants.

2.4 Responsibilities and Decision-Making of NCTPC Components

The responsibilities of the components within the NCTPC are determined by the *Participation Agreement* and/or the OSC. Decision-making likewise is established in the *Participation Agreement*, or by policies established by the OSC.

2.4.1 Oversight/Steering Committee

2.4.1.1 The OSC is responsible for overseeing and directing all the activities associated with this NCTPC Process. A list of the OSC's responsibilities is found in *Scope - Oversight/Steering Committee.*

2.4.1.2 OSC decision-making is governed by the *Participation Agreement.*

2.4.1.3 Officers of the OSC are selected in the manner set forth in the *Participation Agreement.*

2.4.2 Planning Working Group

2.4.2.1 The PWG is responsible for developing and performing the appropriate simulation studies to evaluate the transmission conditions in the Participants' service territories and recommend a coordinated solution for the various transmission limitations identified in the studies. A list of the PWG's responsibilities is found in *Scope - Planning Working Group.*

2.4.2.2 PWG decision-making is governed by the *Participation Agreement.*

2.4.2.3 Officers of the PWG are selected in the manner set forth in the *Participation Agreement.*

2.4.3 Transmission Advisory Group

2.4.3.1 The purpose of the TAG is to provide advice and recommendations to the NCTPC Participants to aid in the development of an annual Local Transmission Plan. The TAG participants may propose economic studies for evaluation as described in Section 4.2.2 hereof. The TAG participants select which of those projects should be evaluated through the TAG Sector Voting Process. The TAG participants also provide input on the annual study scope elements of the Local Transmission Plan Development, including input on the following: Study Assumptions; Study Criteria; Study Methodology; Technical Analysis and Study Results; Assessment and Problem Identification; Assessment and Development of Solutions (including proposing alternative solutions for evaluation); Comparison and Selection of the Preferred Transmission Plan; and the Local Transmission Plan Report. A full list of the TAG's responsibilities is found in *Scope - Transmission Advisory Group*, which is located on the NCTPC Website.

2.4.3.2 The OSC chair will chair the TAG meetings and serve as a facilitator for the group. TAG decision-making is by consensus among the TAG participants. However, in the event consensus cannot be reached, voting will be conducted through the TAG Sector Voting Process. The OSC chair will provide notice to the TAG participants in advance of the TAG meeting that specific votes will be taken during the TAG meeting.

2.4.3.3 Only TAG participants attending the meeting (in person or by telephone) will be allowed to participate in the TAG Sector Voting Process. No voting by proxy is permitted.

2.4.4 TAG Sector Voting Process.

2.4.4.1 In order for a TAG participant to participate in the TAG Sector Voting Process, the TAG participant must have registered with the Companies at least two weeks prior to the first meeting at which the TAG participant intends to vote. Such web-based registration will require the TAG participant to provide the following information to the Companies: name, home or business address, place of employment (if any), email address (if any), and telephone number. The registration form will require the TAG participant to indicate whether the TAG participant is registering as an "Individual" or as an agent or employee of a "TAG Sector Entity." If the TAG participant registers as an agent, member, or employee of a TAG Sector Entity, s/he must identify such TAG Sector Entity. An individual TAG participant may register as an agent, member, or employee of more than one TAG Sector Entity.

2.4.4.2 A TAG Sector Entity may be any organized group (e.g., corporation, partnership, association, trust, agency, government body, etc.) but cannot be an individual person. A TAG Sector Entity may be a member of only one TAG Sector. A TAG Sector Entity and its affiliates or member organizations all may register as separate TAG Sector Entities, as long as such affiliates or member organizations meet the definition of a TAG Sector Entity.

2.4.4.3 A TAG Sector Entity should elect to be a member of one of the following TAG Sectors: Cooperative LSEs (that serve load in the NCTPC footprint); Municipal LSEs (that serve load in the NCTPC footprint); Investor-Owned LSEs (that serve load in the NCTPC footprint); Transmission Providers/Transmission Owners (that are not LSEs in the NCTPC footprint); Transmission Customers (a customer taking Transmission Service from at least one Company in the NCTPC); Generator Interconnection Customers (a customer taking FERC- or state-jurisdictional generator interconnection service from at least one of the Companies in the NCTPC); Eligible Customers and Ancillary Service Providers (includes developers; ancillary service providers; power marketers not currently taking transmission service; and demand response providers); and General Public. An Individual is only eligible to join the General Public Sector.

2.4.4.4 Only one individual TAG participant that has registered as an agent or employee of a TAG Sector Entity may vote on behalf of a particular TAG Sector Entity with regard to any particular vote. An individual TAG participant may vote on behalf of more than one TAG Sector Entity, if authorized to do so. Questions to be voted on will be answerable with a Yes or No.

2.4.4.5 If a vote is to be taken, each TAG Sector that has at least one TAG Sector Entity representative, or at least one Individual or TAG Sector Entity representative in the case of the General Public Sector, present will receive a Sector Vote with a worth of 1.00. A Sector Vote is divisible. The vote of each TAG participant eligible to vote in a Sector Vote is not divisible. The vote of each TAG participant in a TAG Sector will be multiplied by 1.00 divided by the total number or TAG participants voting in such Sector to determine how the Sector Vote with a total worth of 1.00 will be allocated between "Sector Yes Votes" and "Sector No Votes." That is, each Sector Vote will be allocated such that the Sector Yes Vote(s) and Sector No Vote(s) totals 1.00. The Sector Yes Vote and Sector No Vote for each TAG Sector will then each be weighted by multiplying each of them by 1.00 divided by the number of TAG Sectors participating in the relevant vote. The results will be called "Weighted Sector Yes Vote" and "Weighted Sector No Vote." The winning position will be the larger of the Weighted Sector Yes Vote and Weighted Sector No Vote. Appendix 3 contains an example of the voting process.

2.5 Participation of State Regulators

State regulators, including state-sanctioned entities representing the public, like other members of the public, may choose to be TAG participants. State public utility regulatory commissions also may seek to receive periodic status updates and the progress reports on the NCTPC Process. State public utility regulatory commissions may be TAG Sector Entities in the General Public Sector.

3. NOTICE PROCEDURES, MEETINGS, AND PLANNING-RELATED COMMUNICATIONS

All information regarding local transmission planning meetings and communications are located on the NCTPC Website.

3.1 Notice

3.1.1 Notice of all meetings of a component (TAG, PWG, OSC) will be by email to such component. All TAG meeting notices and agendas will be posted on the NCTPC Website.

3.1.2 Information about signing up to be a TAG participant and to receive email communications is posted on the NCTPC Website.

3.1.3 The OSC will publish highlights of its meetings on the NCTPC Website.

3.2 Location

3.2.1 The location of an OSC or PWG meeting will be determined by the component.

3.2.2 The location of a TAG meeting will be determined by the OSC.

3.2.3 Conference call dial-in technology will be available for meetings upon request.

3.3 Meeting Protocols

3.3.1 OSC

3.3.1.1 The OSC chair schedules meetings, provides notice, ensures that meeting minutes are taken, develops the agenda, chairs the meetings.

3.3.1.2 The OSC generally will meet at least monthly, and more frequently as necessary.

3.3.1.3 OSC meetings are open to the OSC members, their alternates, PWG members, and, if approved, guests.

3.3.2 PWG

3.3.2.1 The PWG chair schedules meetings, provides notice, ensures that meeting minutes are taken, develops the agenda, and chairs the meetings.

3.3.2.2 The PWG generally meets at least monthly, and more frequently as necessary.

3.3.2.3 PWG meetings are open to the PWG members, the OSC (and their alternates), and, if approved, guests.

3.3.3 TAG

3.3.3.1 TAG meetings are chaired and facilitated by the OSC chair.

3.3.3.2 The TAG generally meets four times a year.

3.3.3.3 Meetings of the TAG generally are open to the public, i.e., TAG participants. When necessary, TAG meetings may be restricted to TAG participants that are qualified to receive Confidential Information.

3.3.3.4 A yearly meeting and activity schedule is proposed, discussed with, and provided to TAG participants annually.

4. DESCRIPTION OF THE LOCAL PLANNING PROCESS

The NCTPC Process is a coordinated local transmission planning process. The entire, iterative process ultimately results in a single Local Transmission Plan that appropriately balances the costs, benefits and risks associated with the use of transmission, generation, and demand-side resources. The Local Transmission Plan will identify local transmission projects (Local Projects). A Local Project is defined as a transmission facility that is (1) located solely within the combined Duke-Progress transmission system footprint and (2) not selected in the regional transmission plan for purposes of regional cost allocation.

In order to ensure comparability, customers taking Network Transmission Service are expected to accurately reflect their demand response resources appropriately in their annual load forecast projections. Customers taking Point-to-Point Transmission Service are expected to accurately reflect their demand response resources in submitting their requests for Transmission Service and in submitting information about potential needs for Point-to-Point Transmission Service. Eligible Customers providing information about potential needs for Point-to-Point Transmission Service are expected to accurately reflect their demand response resources in submitting information. To the extent a TAG participant has a demand response resource or a generation resource that the TAG participant desires the NCTPC to specifically consider as an alternative to transmission expansion, or otherwise in conjunction with the NCTPC Process, such TAG participant sponsoring such demand response resource or generation resource shall provide the necessary information (cost, performance, lead time to install, etc.) in order for the NCTPC to consider such demand response resource or generation resource alternatives comparably with other alternatives.

4.1 Overview of Local Planning Process

The Local Planning Process addresses transmission upgrades needed to maintain reliability and to integrate new generation resources and/or loads. The Local Planning Process includes a base reliability study (base case) that evaluates each Transmission System's ability to meet projected load with a defined set of resources as well as the needs of firm point-to-point customers, whose needs are reflected in their transmission contracts and reservations. A resource supply analysis also is conducted to evaluate transmission system impacts for other potential resource supply options to meet future load requirements. The final results of the Local Planning Process include summaries of the estimated costs and schedules to provide any transmission upgrades and/or additions needed to maintain a sufficient level of reliability necessary to serve customers. Throughout the Local Planning Process, TAG participants (including TAG participants representing transmission solutions, generation solutions, and solutions utilizing demand resources) may participate.

The following are the steps in the Local Planning Processes

4.1.1 Each year, the OSC will initiate the process to develop the annual Local Transmission Plan.

4.1.2 The OSC will provide notice of the commencement of the process to develop the annual Local Transmission Plan via e-mail to the TAG and posts a notice on the NCTPC Website.

4.1.3 The process will allow for flexibility to make modifications to the development of the Local Transmission Plan throughout the year as needs change, new needs arise, or new solutions to problems are identified.

4.1.4 The schedule for all of the activities will be set by the PWG and OSC, but will vary from year to year. The basic order of events is as set forth in Section 5, although the planning process is an iterative one. A list of relevant dates established for the planning cycle will be posted on the NCTPC website.

4.2 Overview of Local Economic Study Process

4.2.1 The Local Economic Study Process is the process that allows the TAG participants to propose economic upgrades to be studied as part of the Local Planning Process. The Local Economic Study Process evaluates the means to increase transmission access to potential supply resources inside and outside the Control Areas of the Companies. This economic analysis provides the opportunity to study what transmission upgrades would be required to reliably integrate new resources.

4.2.2 The Local Economic Study Process begins with the TAG participants proposing scenarios and interfaces to be studied. The information required and the form necessary to submit a request as well as the submittal deadline is reviewed and discussed with the TAG participants early in the annual planning cycle. The form is posted on the NCTPC Website. The PWG will determine if it would be efficient to combine and/or cluster any of the proposed scenarios and will also determine if any of the proposed scenarios are of a Regional nature. The OSC will direct the TAG participants to submit the Regional study requests to the SERTP. Throughout the Local Economic Study Process, TAG participants (including TAG participants representing transmission solutions, generation solutions, and solutions utilizing demand resources) may participate.

4.2.2.1 The OSC will review the PWG analysis, approve the compiled study list, and provide the study list to the TAG. For the study scenarios that impact the NCTPC footprint, but are not Regional in nature, the TAG participants will select a maximum of three scenarios that will be studied within the current NCTPC planning cycle. If consensus cannot be reached as to which scenarios to study, the choice will be resolved through the TAG Sector Voting Process. The TAG participants may request that the three scenarios be combined or clustered.

4.2.2.2 There will be no charge to the TAG participants for the three studies selected by the TAG participants. However, if a particular TAG participant wants the NCTPC to evaluate a scenario that was not chosen by the TAG participants, then the TAG participant can request to have the NCTPC conduct the study. The NCTPC will evaluate this request and will conduct the study if the study can be reasonably accommodated, however the cost of conducting this additional study will be allocated to that specific TAG participant.

4.2.2.3 The final results of the Local Economic Study Process include the estimated costs and schedules to provide the increased transmission capabilities. The Local Economic Study Process results are reviewed and discussed with the TAG participants.

4.3 Overview of Process to Identify If Any Public Policies Exist that Drive Local Transmission Needs.

4.3.1 Each year, the OSC will determine if there are any public policies driving the need for local transmission.

4.3.1.1 The OSC will seek input (e.g. written comments) prior to the first TAG meeting of the Local Planning Process cycle (TAG Meeting 1) from TAG participants, asking that they identify any public policies that are driving the need for local transmission, pursuant to the criteria below.

4.3.1.2 The OSC may itself identify public policies that are driving the need for Local Projects.

4.3.1.3 There will be a discussion at the TAG Meeting 1 as to whether there are public policies that are driving the need for Local Projects.

4.3.2 Criteria for determining if public policy drives local transmission need.

4.3.2.1 Public policy must be reflected in state, federal, or local law or regulation (including order of a state, federal, or local agency).

4.3.2.2 Existence of facts showing that the identified need cannot be met absent the construction of additional transmission facilities.

4.3.3 Within two weeks of TAG Meeting 1, the OSC will post on the NCTPC website an explanation of (1) those transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential transmission projects in the then-current planning cycle; and (2) why other suggested, possible transmission needs driven by Public Policy Requirements proposed by the TAG participants or the OSC were not selected for further evaluation. If one or more public policies are identified as driving local transmission needs, the NCTPC will consider solutions to those needs and TAG participants may suggest projects to meet those needs in accordance with the planning process. If no policies are identified for the planning year, public policy projects cannot be proposed as solutions.

5. CRITERIA, ASSUMPTIONS, AND DATA UNDERLYING THE LOCAL TRANSMISSION PLAN AND METHOD OF DISCLOSURE OF LOCAL TRANSMISSION PLANS AND STUDIES

5.1 Study Assumptions

5.1.1 The PWG will select the study assumptions for the analysis based on direction provided by the OSC.

5.1.2 Once the PWG identifies the study assumptions, they will be reviewed with the TAG participants before the set of final assumptions are approved by the OSC. The process for this dialogue is in-person meetings, written submissions, and/or other forms of communication selected by TAG participants. Input should be provided in the timeframes agreed upon.

5.1.3 The study assumptions shall be set forth in an annual *Study Scope Document.*

5.1.4 The Companies will prepare the base case models. These models will be reviewed with the PWG to ensure that they represent the study assumptions approved by the OSC. TAG participants also may, upon request, review the base case models and provide input to the PWG with regard to whether the models represent the study assumptions approved by the OSC.

5.1.5 The Companies will also develop the necessary change case models as required to evaluate different resource supply scenarios and local economic project scenarios as directed by the OSC. Such change case models will also be reviewed with the PWG to ensure that they represent the study assumptions approved by the OSC. TAG participants also may request to review the change case models and provide input to the PWG with regard to whether the models represent the study assumptions approved by the OSC.

5.2 Study Criteria

5.2.1 The PWG establishes the planning criteria by which the study results will be measured, in accordance with North American Electric Reliability Corporation (NERC) and SERC Reliability Standards and individual Company criteria. TAG participants may review and comment on the planning criteria.

5.2.2 Transmission System planning documents of Duke and Progress will be posted on their respective OASIS sites. Some planning documents may not be posted due to CEII and confidentiality concerns, but will be identified such that they can be requested via the methodology posted on the relevant OASIS.

5.3 Data Collection and Case Development

5.3.1 The most current Multi-Regional Modeling Working Group (MMWG) or SERC Long-Term Study Group model will be used for the systems external to Duke and Progress as a starting point for the base case to be used by both Progress and Duke. The base case will include the detailed internal models for Progress and Duke and will include current transmission additions planned to be in-service for given years.

5.3.2 The following data are relevant to the development of internal models for Progress and Duke:

Load and resource projections provided by network customers (including the native load of the NCTPC Participants);

Confirmed, firm point-to-point transmission service reservations (including rollover rights);

Generation real and reactive capacity data;

Generation dispatch priority data;

Transmission facility impedance and rating data; and

Interchange data adjusted to correctly model transfers associated with designated network resources from outside the Companies' Control Areas.

5.3.3 The Companies collect the necessary planning data and information that are not already in their possession. One element of this data collection process will be the annual collection of data from Network Customers required by this Tariff. Any guidelines, data formats, and schedules for any data and information exchanges will be established by the PWG. Aside from the annual submission of data by Network Customers, the timing of this data collection process is established as part of the development of the annual study work plan that is prepared by the PWG, reviewed with the TAG participants, and approved by the OSC.

5.3.4 TAG participants may provide additional input into the data collection process (i.e., the provision of data not required to be submitted under this Tariff), such as providing information on future point-to-point transmission service scenarios. Such non-required information may be used in the appropriate study process.

5.3.5 Transmission Customers should provide the Companies with timely written notice of material changes in any information previously provided relating to load, resources, or other aspects of their facilities or operations affecting the Company's ability to provide service. Network customers may provide revised versions of previously submitted annual data reporting forms.

5.3.6 Additional cases will be developed as required for different scenarios to evaluate other options to meet load demand forecasts in the study, including where fictitious or as yet undesignated network resources are deemed to be designated. Other cases may be developed and approved by the OSC to evaluate local economic projects, such as predicted future point-to-point transmission uses, as submitted by the TAG participants.

5.3.7 The Case Development details will be identified in the annual *Study Scope Document.*

5.3.8 Sufficient information will be made available, subject to CEII and confidentiality restrictions, to enable TAG participants to replicate the results of planning studies. A TAG participant seeking data and information that would allow it to replicate the NCTPC planning studies should provide such request to the OSC Vice-Chair, who will verify that confidentiality requirements described in Section 9 have been met before providing such information.

5.3.9 Status Reports

The Companies will provide a written report on the status of the Local Projects presented in the previous Local Transmission Plans. A composite update will be posted on the NCTPC Website and will include the following information: the name of the project, the issue it resolves, the name of the relevant Company(s), the original planned in-service date and the current expected in-service date and an explanation of the reasons for any change. This report will be reviewed at the second TAG meeting of the planning cycle (TAG Meeting 2). Cost estimates for Local Projects will also be updated at this time.

5.4 Methodology

5.4.1 The PWG determines the methodologies that will be used to carry out the technical analysis required for the approved studies. The PWG also determines the specific software and models that will be utilized to perform the technical analysis. The study methodology will be identified in the annual *Study Scope Document.* TAG participants may review and comment on the study methodology.

5.5 Technical Analysis and Study Results

5.5.1 The PWG performs the technical analysis in accordance with the OSC approved study methodology and produces the study results.

5.5.2 Results from the technical analysis are reported to identify transmission elements approaching their limits such that all NCTPC Participants are made aware of potential issues and appropriate steps can be identified to correct these issues, including the potential of identifying previously undetected problems.

5.5.3 Study results are made available to the TAG participants for review and comment.

5.6 Assessment and Problem Identification

5.6.1 The Companies provide the summary data identifying the reliability problems and causes resulting from their assessments and comprehensively review the information with the PWG. The PWG evaluates the technical results provided by the Companies to identify problems and issues and reports to the OSC.

5.6.2 TAG participants are provided information relating to technical assessments and problem identification.

5.7 Local Solution Development

5.7.1 The PWG identifies potential solutions to the transmission problems identified (including public policy transmission needs) and will test the effectiveness of the potential solutions through additional analysis as required and ensure that the solutions meet the study criteria previously developed.

5.7.2 TAG participants will have the opportunity to propose alternative transmission, generation and/or demand response solutions. The alternate transmission solutions may include potential solutions that could address reliability, economic and/or public policy transmission needs. TAG participants shall provide the necessary information (cost, performance, lead time to install, etc.) for proposed generation and/or demand response alternative solutions so that they may be compared with other alternatives.

5.7.3 All solution options that satisfactorily resolve an identified transmission problem would be given consideration on a comparable basis.

5.7.4 A solution that is seeking regional cost allocation must be submitted in accordance with the procedures set forth in Part II and will be evaluated through the SERTP Process.

5.7.5 The Companies estimate the costs for each of the proposed local solutions (e.g., cost, cash flow, present value) and develop a rough schedule estimate to implement the solution. This information is reviewed and discussed by the PWG.

5.8 Selection of Preferred Local Transmission Plan

5.8.1 The PWG compares all of the alternatives and selects the preferred solution by balancing the solutions' costs, benefits, and associated risks. Competing solutions will be evaluated against each other based on a comparison of their relative economics, timing, feasibility, and effectiveness of performance.

5.8.2 The PWG selects a preferred set of solutions that provides the most reliable and cost effective solution while prudently managing the associated risks.

5.8.3 The PWG provides the OSC and the TAG participants with their recommendations based on this selection process in order to obtain their input.

5.9 Local Transmission Plan Report

5.9.1 The PWG prepares a draft "Local Transmission Plan Report" based on the study results and the recommended solutions and provides the draft to the OSC for review. The draft Report describes the plan in a manner that is understandable to the TAG participants (e.g., describing any needs, the underlying assumptions, applicable planning criteria, and methodology used to determine the need), rather than simply reporting engineering results. The report includes a comprehensive summary of all the study activities as well as the recommended solutions including estimates of costs and construction schedules.

5.9.2 The OSC forwards the draft Local Transmission Plan Report to the TAG participants for their review and discussion. The PWG members are the technical points of contact that can respond to questions regarding modeling criteria, assumptions, and data underlying the Report. The TAG participants may discuss, question, or propose alternatives for any upgrades identified by the draft Report.

5.9.3 The OSC evaluates the results and the PWG recommendations and the TAG participants' input. The OSC approves the final Local Transmission Plan for posting on the NCTPC Website. The Plan also is posted on the Companies' OASIS and distributed to the TAG participants.

5.9.4 The Local Transmission Plan allows the NCTPC Participants to identify alternative, least-cost resources to include with their respective Integrated Resource Plans. Others can similarly use this information for their own resource planning purposes.

5.9.5 The Local Transmission Plan, and the associated models, serve as the basis for the models that the Companies provide as input to the development of the SERC-wide model as described in Section 11.

5.9.6 The Local Transmission Plan, which reflects the coordination described in Section 11, will be an input into the SERTP Process. Local Projects identified in a Local Transmission Plan may later be removed from a Local Transmission Plan due to, for example, the iterative nature of transmission planning in subsequent planning cycles, additional transmission planning coordination provided through the SERTP Process, or if a project seeking regional cost allocation has been selected in the regional transmission expansion plan to replace a Local Project.

6. NCTPC DISPUTE RESOLUTION MECHANISM

6.1 NCTPC Process Disputes

6.1.1 A Company has the right to reject an OSC decision if it believes that it would harm reliability.

6.1.2 Any NCTPC Participant or TAG participant has the right to seek assistance from the North Carolina Utilities Commission (NCUC) Public Staff to mediate an issue and render a non-binding opinion on any disputed decision.

6.1.3 If the Participants cannot resolve a disputed decision by NCUC Public Staff facilitation, they may seek review from a judicial or regulatory body that has jurisdiction.

6.2 Transmission Siting Disputes

6.2.1 The South Carolina Code of Laws Section 58, Chapter 33 addresses disputes involving utilities' transmission projects that require South Carolina authorization through the certificates of public convenience and necessity process.

6.2.2 NCUC Rule R8-62 addresses disputes involving utilities' transmission projects that require North Carolina authorization through the certificates of public convenience and necessity process.

6.3 Integrated Resource Planning Disputes

6.3.1 The NCUC allows public participation in and may hold hearings regarding matters related to integrated resource planning.

6.3.2 The South Carolina Public Service Commission allows public participation in and may hold hearings regarding matters related to integrated resource planning.

6.4 Other Local Planning Process Disputes

6.4.1 The dispute resolution process provisions included in this Tariff apply to disputes involving compliance with the Commission's local transmission planning obligations set forth in Order No. 890. Any TAG participant, not just a TAG participant that is a Transmission Customer, may avail itself of the dispute resolution provision of the Tariff, as that process is modified below.

6.4.2 If a TAG participant has completed the negotiation step set forth in Section 12.1 of this Tariff, a TAG participant may ask to have the issue mediated on a non-binding basis before the next step (i.e., arbitration) commences. A request for mediation must be made within thirty days of the agreed-upon conclusion of the negotiation step. If the mediation step is concluded without resolution, the disputing party has thirty days to inform the Company(ies) that it seeks to commence the arbitration step set forth in Tariff Section 12.2. If this mediation option is selected, the parties to the dispute will use the Commission's Dispute Resolution Service as the forum for mediation.

6.4.3 Matters over which the Commission does not have jurisdiction, including planning to meet retail native load of the Companies shall not be within the scope of the dispute resolution process of this Tariff.

7. TRANSMISSION COST ALLOCATION FOR LOCAL PROJECTS

7.1 OATT Cost Allocation

With the exception of "Joint Local Reliability Projects" and "Joint Local Economic Projects" nothing in this Attachment is intended to alter the cost allocation policies of the Tariff.

7.2 Joint Local Reliability Project Cost Allocation

7.2.1 A Joint Local Reliability Project is defined as any reliability project that requires an upgrade to a Company's system that would not have otherwise been made based upon the reliability needs of the Company.

7.2.2 An "avoided cost" cost allocation methodology will apply to reliability projects where there is a demonstration that a Local Project meets the criteria for a Joint Local Reliability Project.

7.2.3 The NCTPC Planning Process results in a set of projects that satisfy the reliability criteria of the Companies who are parties to the Participation Agreement (i.e., Reliability Projects). Through this process, a project may be identified that meets a reliability need in a more cost-effective manner than if each Company were only considering projects on its system to meet its reliability criteria. A Joint Local Reliability Project must have a cost of at least $1 million to be subject to the avoided-cost cost allocation methodology. The costs of a Joint Local Reliability Project with a cost of less than $1 million would be borne by each Company based on the costs incurred on its system.

7.2.4 Unless a Joint Local Reliability Project is determined by the NCTPC to be the most cost-effective solution to a reliability need, it will not be selected to be included in the Local Transmission Plan. But, if a Joint Local Reliability Project is determined by the NCTPC to be the most cost effective solution, it will have its costs allocated based on an avoided cost approach, whereby each Company looks at the stand-alone approach to maintaining reliable service and shares the savings of not implementing the stand-alone approach on a pro-rata basis. The avoided cost approach formula can be expressed as follow:

(Company $_x$'s Avoided Cost/Total Avoided Cost) * cost of Joint Local Reliability Project = Company $_x$'s Cost Allocation

(Company $_y$'s Avoided Cost/Total Avoided Cost) * cost of Joint Local Reliability Project = Company $_y$'s Cost Allocation

These cost responsibility determinations will then be reflected in transmission rates. The avoided cost approach also will take into account in determining avoided costs, the acceleration or delay of Joint Local Reliability Projects. Examples of the application of the avoided-cost approach may be found in *NCTPC Transmission Cost Allocation*.

7.3 Joint Local Economic Project Cost Allocation

7.3.1 A Joint Local Economic Project is a project that permits energy to be transferred on a Point-to Point basis from an interface or a Point of Receipt on a Company's system to an interface or a Point of Delivery on another Company's system for a specified time period.

7.3.2 The costs of Joint Local Economic Projects are allocated on a "requestor pays" basis.

7.3.3 Transmission Customer(s) that are requesting a Joint Local Economic Project would provide the up-front funding of any transmission construction that was required to ensure that the transmission path capability that was created by the Joint Local Economic Project was available for the relevant time period. On the Duke and/or Progress systems, the Transmission Customer would receive a levelized repayment of this initial funding amount from Duke and/or Progress in the form of monthly transmission credits over a maximum 20-year period. The Companies will be permitted to work with the Transmission Customers to provide shorter or different crediting. As credits are paid, Duke and Progress would have the opportunity to include the costs of upgrades that were needed for the Joint Local Economic Project(s) in transmission rates, similar to the Generator Interconnection pricing/rate approach.

7.3.4 As part of the Joint Local Economic Project process, a network customer may ensure that power can be delivered from an interface on, or utilizing transmission capability created by, a Joint Local Economic Project to network load. Such network transmission service would not be subject to the requestor pays approach. This transmission cost allocation would be in accordance with OATT provisions for network service.

7.3.5 No additional compensation is provided to the "requestors" of the Joint Local Economic Project for any "head-room" or excess transmission capability that would be created on the Transmission Systems. The total project cost for the transmission expansion required due to a Joint Local Economic Project will be reduced to provide compensation for the positive transmission impacts that the Joint Local Economic Project would provide, compared to the existing Local Transmission Plan.

7.3.6 This Joint Local Economic Project concept and cost allocation methodology applies to the NCTPC footprint, which consists of the Duke and Progress Control Areas.

8. COST ALLOCATION FOR PLANNING COSTS

8.1 NCTPC-Related Planning Costs

8.1.1 Each NCTPC Participant bears its own expenses.

8.1.2 TAG participants bear their own expenses.

8.1.3 The costs of the NCTPC base reliability studies are born by Duke and Progress.

8.1.4 Costs associated with incremental reliability studies and local economic studies are all allocated to NCTPC Participants in the manner set forth in the *Participation Agreement*.

8.1.5 Pursuant to Section 4, costs associated with local economic studies that are outside the scope of Section 4, will be borne by the study requestor.

8.1.6 NCTPC Participants may challenge the correctness of NCTPC cost allocations.

8.1.7 For the Companies, transmission planning costs are a routine cost-of-service item that would be reflected in both wholesale and retail transmission rates. There is no plan to allocate planning costs to customers, other than as described above, or as contemplated by this Tariff when a customer makes a specific request that must be studied.

8.2 Non-NCTPC-Related Planning Costs

Each Company will bear its own costs of planning-related activities that are not occurring through the rubric of the NCTPC Process, which costs may be recovered in rates, pursuant to the then-applicable ratemaking policies.

9. CONFIDENTIALITY

9.1 The Companies will take appropriate steps to protect CEII information, which is one form of Confidential Information.

9.2 Identification of Confidential Information

The confidentiality of information is determined in the first instance by a NCTPC Participant or TAG participant providing the information. Examples of

Confidential Information, other than CEII, include commercially sensitive information and customer-related information that is proprietary to a particular wholesale or retail customer. The NCTPC Participant or TAG participant providing Confidential Information acknowledges that such Confidential Information may be released to the representatives of TAG participants that have abided by the procedures in Section 9.4.3. If the information is Confidential Information only because it is CEII, the NCTPC Participant or TAG participant should indicate that such information may be released to TAG participants eligible to receive CEII.

9.3 Availability of Confidential Information

9.3.1 The NCTPC Participants will mask all Confidential Information in documents that are released to the public.

9.3.2 Confidential Information will be made available, to the extent not prohibited by law or government policy, to the NCTPC Participants, as limited by the *Participation Agreement*. Each NCTPC Participant is restricted from sharing or giving access to Confidential Information with any employee, representative, and/or organization directly involved in the sale and/or resale of electricity in the wholesale electricity such that they do not receive preferential treatment or a competitive advantage.

9.3.3 TAG participants may be provided Confidential Information, in accordance with Section 9.4.3/9.4.4. In cases where the information is Confidential Information only because it is CEII, the TAG participants may be provided such information in accordance with Section 9.4.4.

9.4 Obtaining Confidential Information

9.4.1 The OSC Vice-Chair is tasked with ensuring that no marketing/brokering organizations receive preferential treatment or achieve competitive advantage through the distribution of any transmission-related information in the TAG.

9.4.2 The OSC Vice-Chair ensures that the confidentiality of information principles reflected in Order No. 890 as well as any Standards of Conduct or Code of Conduct requirements are being adhered to within the TAG process, to the extent applicable and/or necessary.

9.4.3 If a TAG participant seeks non-CEII Confidential Information, s/he must formally request the data from the OSC Vice-Chair and demonstrate that s/he:

9.4.3.1 Is a representative of a TAG Sector Entity that has signed the SERC Confidentiality Agreement or is an Individual that has signed the SERC Confidentiality Agreement.

9.4.3.2 Is listed on Attachment A to a TAG Sector Entity's TAG Confidentiality Agreement as a representative of a TAG Sector Entity or is an Individual that has signed the TAG Confidentiality Agreement.

9.4.4 If a TAG participant seeks CEII, s/he must formally request the data from the OSC Vice-Chair and demonstrate that s/he:

9.4.4.1 Is a representative of a TAG Sector Entity that has signed the SERC Confidentiality Agreement or is an Individual that has signed the SERC Confidentiality Agreement.

9.4.4.2 Is listed on Attachment A of a TAG Sector Entity's TAG Confidentiality Agreement as a representative of a TAG Sector Entity or is an Individual that has signed the TAG Confidentiality Agreement.

9.4.4.3 The OSC Vice-Chair will process the above requests, approve/deny the request, and if approved, provide the data to a TAG participant.

10. INTEGRATED RESOURCE AND SUB-LOCAL PLANNING

10.1 Integrated Resource Planning

In addition to the NCTPC Process, the Companies must abide by state laws regarding Integrated Resource Planning (IRP). The information provided below is intended to assist persons who may want to participate in state IRP and siting proceedings.

10.1.1 North Carolina

The NCUC analyzes the probable growth in the use of electricity and the long-range need for future generating capacity in North Carolina. Duke and Progress annually furnish the NCUC a report of their respective resource plans, which contain a 15-year forecast of loads and generating capacity. The report describes all generating facilities and known transmission facilities with operating voltage of 161 kV or more which, in the judgment of the utility, will be required to supply system demands during the 15-year forecast period. Such filings must include a section containing a comprehensive analysis of their Demand-Side Management (DSM) plans and activities.

10.1.2 South Carolina

Section 58-37-40 of the South Carolina Code of Laws requires that all electrical utilities prepare integrated resource plans and submit them to the State Energy Office. The plans must be submitted every three years and must be updated on an annual basis. For electrical utilities subject to the jurisdiction of the SC PSC, submission of the IRP plans required by the SC PSC (which similarly are submitted triennially and updated at least annually) constitutes compliance with the state law. The SC PSC requires that the plans submitted cover 15 years and evaluate the cost effectiveness of supply-side and demand-side options in an economic and reliable manner that considers relevant costs and benefits.

10.2 Sub-Local Planning

The Companies coordinate with their network and native load customers to ensure adequate and reliable electric service to all points of delivery within their control areas. The focus of the NCTPC is planning higher-voltage facilities and transfers of bulk power and thus "sub-local planning" focuses on lower-voltage facilities and the delivery of energy to customer locations. Customer meetings may be held, when necessary, to discuss the respective plans of the customer and the provider and how such plans impact local areas. Any sub-local area plans developed by a Company are rolled into NCTPC transmission models. The same data and assumptions would be used in sub-local planning as are used in the NCTPC Process.

11. ADDITIONAL COORDINATION

11.1 Coordination Activities Within SERC

Duke and Progress are members of the SERC Reliability Corporation (SERC) and coordinate with other SERC members registered as Transmission Planners. SERC is the entity responsible for promoting and improving the reliability, adequacy, and critical infrastructure of the bulk power supply systems in the area served by its member systems. SERC membership is open to any entity that is a user, owner, or operator of the Bulk-Power System and is subject to the jurisdiction of FERC for the purpose of complying with Reliability Standards. SERC membership is comprised of investor-owned, municipal, cooperative, state and federal systems, RTOs/ISOs, merchant electricity generators, and power marketers. SERC has in place various committees and subcommittees that perform the identified SERC functions, including the promotion of the reliability and adequacy of the bulk power system as related to the planning and engineering of the electric systems. The SERC committees are identified on SERC's website. The particular activities that are coordinated among the Transmission Planners include the creation of a SERC-wide model and the preparation of a simultaneous feasibility assessment, which are discussed in further detail below.

11.1.1 Reliability Planning by Transmission Planners Located in SERC: A Transmission Planner's 10-year transmission expansion plan is the basis for models used for its own reliability planning process(es), such as the NCTPC, as well as serving as a Transmission Planner's input into the development of the SERC-wide model.

Substantive transmission planning occurs as Transmission Planners develop reliability transmission expansions plans through their planning process(es), such as the NCTPC. In this regard, the reliability plan for each planning process 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 each reliability plan is facilitated through the creation of transmission models (base cases) that incorporate the current 10-year transmission expansion plan, load projections, resource assumptions (generation, demand response, and imports), and transmission service commitments. The transmission models also incorporate external models (at a minimum the current SERC models) that are developed using similar assumptions.

The transmission models created for use in developing the reliability 10-year transmission expansion plan are analyzed to determine if any planning criteria concerns are projected. In the event one or more planning criteria concerns are identified, the relevant Transmission Planners will develop solutions for these projected limitations in accordance with the planning process to which they belong. As a part of this study process, the Transmission Planners, in accordance with the process to which they belong, will reexamine the current reliability 10-year transmission expansion plan (determined through the previous year's reliability planning process) to determine if the current plan can be optimized based on the updated assumptions and any new planning criteria concerns identified in the analysis. The optimization process may include the deletion and/or modification of any of the existing reliability transmission enhancements identified in the previous year's reliability planning process.

11.1.2 Coordination by Transmission Planners with Affected Systems: Once a planning criteria concern is identified and the optimization process identifies the potential solution, the Transmission Planner(s), here Duke and Progress, determine if any other Transmission Planner is potentially impacted by the projected solution. Potentially impacted Transmission Planners are then contacted to determine if there is a need for an *ad hoc* coordinated study. In the event one or more neighboring Transmission Planners agrees 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. In the event that no impacts are identified, or if once contacted the potentially impacted Transmission Planner(s) determine that they will not actually be impacted, the initiating Transmission Planner will move forward to conduct a reliability study to determine the solution for the projected planning criteria concern. In either case, once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the 10-year transmission expansion plan as a reliability project.

11.1.3 SERC-Wide Reliability Assessment by Transmission Planners: After the transmission models are developed through the planning processes, the Transmission Planners 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 these processes are using consistent models and data. Additionally, the reliability assessment measures and reports the transfer capabilities within SERC. The SERC-wide assessment serves as a valuable tool for each of the Transmission Planners to reassess the need for additional reliability joint studies.

11.1.4 Other Coordination Activities Within SERC

11.1.4.1 Transmission Model Development: SERC transmission models are developed by the Transmission Planners in SERC through an annual model development process. Each Transmission Planner in SERC, incorporating input from their planning process(es), develops and submits their 10-year transmission models to a model development databank. The databank then joins the models to create SERC-wide models for use in reliability assessment. Additionally, the SERC-wide models are then used in each planning process as an update (if needed) to the current transmission models and as a foundation (along with the MMWG models) for the development of next year's transmission models.

11.1.4.2 Additional Reliability Joint Studies: As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the Transmission Planners, in accordance with their planning process(es), 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 reliability studies, then the impacted Transmission Planners may initiate one or more *ad hoc* coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine the optimal reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission enhancements will be incorporated into the 10-year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are "pushed down" for detailed resolution.

11.1.5 Stakeholder Participation in Planning and Coordination Activities:

Since the bulk of the reliability transmission planning occurs at the as a "bottom up" process in the development of the various 10-year transmission expansion plans, stakeholders in the NCTPC footprint may provide input into the coordination activities by participating in the NCTPC process and any other planning processes that they choose to participate in. Specifically, the 10-year Local Transmission Plan developed in the NCTPC process described in this Attachment is the basis for Duke's and Progress' input into the SERC model development. As discussed in Sections 4 and 5, the TAG participants are provided a number of opportunities to review and comment on and allowed to propose alternatives concerning the development of this transmission expansion plan. The results of coordination activities will be shared and discussed with TAG participants. If the results of coordination activities are to be shared at a TAG participant meeting, the meeting notice will indicate that such results will be shared and discussed and will either provide the results or indicate how the results can be obtained if the results include Confidential Information.

11.2 ERAG & SERC-RFC East Coordination Activities

11.2.1 SERC is a Member of the Eastern Interconnection Reliability Assessment Group (ERAG) along with the Florida Reliability Coordinating Council, Inc., the Midwest Reliability Organization, the Northeast Power Coordinating Council, Inc., ReliabilityFirst Corporation, and the Southwest Power Pool. ERAG augments the reliability of the bulk-power system through periodic reviews of generation and transmission expansion programs and forecasted system conditions within the areas served by ERAG members.

11.2.2 The Eastern Interconnection Reliability Assessment Group (ERAG) Multi-Regional Modeling Working Group (MMWG) administers the development of a library of power-flow base case models for the benefit of members.

11.2.3 The SERC-RFC East study group was established in 2006 and is a sub-group within the ERAG structure. Through the SERC-RFC East study group, coordination of plans, data and assumptions is achieved between Tennessee Valley Authority, VACAR, and the transmission systems of the eastern portion of PJM.

11.3 VACAR Coordination Activities

11.3.1 Duke and Progress both participate with Alcoa Power Generating, Inc., City of Fayetteville Public Works Commission, South Carolina Electric & Gas Company, South Carolina Public Service Authority, and Dominion Virginia Power, in the VACAR Planning Task Force.

11.3.2 A VACAR contract agreement provides for coordination between the various entities within VACAR.

11.3.3 Duke and Progress will engage in studies of the bulk power supply system. VACAR typically analyzes the performance of their proposed future transmission systems based on five- or ten-year projections. VACAR studies are similar to those conducted for SERC, but are focused on VACAR, although VACAR coordinates with Southern and TVA under existing agreements.

11.4 Bilateral Coordination Activities

Through bilateral agreements with neighboring transmission systems of, Duke and Progress will perform coordinated studies with such transmission systems on an as-needed basis.

PART II -- REGIONAL TRANSMISSION PLANNING

12. OVERVIEW OF REGIONAL TRANSMISSION PLANNING

Duke and Progress, referred to collectively for the purposes of regional transmission planning as the "Duke Transmission Provider" participate in the SERTP Process described herein and on the Regional Planning Website, a link to which is found on the Duke and Progress OASIS sites. The Duke Transmission Provider and the other transmission owners and transmission providers that participate in this SERTP Process are identified on the Regional Planning Website (Sponsors).[1]

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[1] Duke and Progress are each separate "transmission providers" as that term is defined in this Tariff and under the Code of Federal Regulations. They are referred to here as the Duke Transmission Provider only for the purpose of Order No. 1000-mandated regional planning. The Duke Transmission Provider notes that the Duke Transmission Provider's participation in the SERTP is for purposes of regional planning only, since local planning is conducted in accordance with the Local Planning Process as described in Sections 1-11 of this Attachment N-1. While this Attachment N-1 discusses the Duke Transmission Provider largely effectuating the activities of the SERTP Process that are discussed herein, the Duke Transmission Provider expects that the other Sponsors will also sponsor those activities. For example, while this Attachment N-1 discusses the Duke Transmission Provider hosting the Annual Transmission Planning Meetings, the Duke 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 Duke Transmission Provider may be performed in conjunction with one or more other Sponsors or may be performed entirely by, or be applicable only to, one or more other Sponsors. Likewise, while this Attachment N-1 discusses the transmission expansion plan of the Duke Transmission Provider, the Duke Transmission Provider expects that transmission expansion plans of the other Sponsors shall also be discussed, particularly since the transmission expansion plans of the other Sponsors are expected to be included in the regional transmission plan that is to be developed in each planning cycle for purposes of Order No. 1000. To the extent that this Attachment N-1 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 Duke Transmission Provider's expectation that

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The Duke 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 No. 1000: coordination, openness, transparency, information exchange, comparability,[2] dispute resolution, and economic planning studies. This transmission planning process includes at Sections 4.3 and 19 the procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000. Transmission needs consist of the physical transmission system delivery capacity requirements necessary to reliably and economically satisfy the load projections; resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs; public policy requirements; and transmission service commitments within the region. These needs typically arise from long-term (i.e., one year or more) firm transmission commitment(s) whether driven in whole or in part by public policy requirements or economic or reliability considerations.[3] This transmission planning process provides at Section 8 a mechanism for the recovery and allocation of planning costs consistent with Order Nos. 890 and 1000. This regional transmission planning process includes at Section 22 a clear enrollment

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other Sponsors will engage in such activities. Accordingly, this Attachment N-1 only establishes the duties and obligations of the Duke Transmission Provider and the means by which Stakeholders may interact with the Duke Transmission Provider with respect to regional planning through the SERTP Process described herein. The term “Stakeholder” as used in this Attachment N-1 means any party interested in the Southeastern Regional Transmission Planning Process, including but not limited to transmission and interconnection customers, generation owners/development companies, developers of alternative resources, or state commissions.

[2] The Duke 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 N-1 but instead permeates the SERTP Process described in this Attachment N-1.

[3] As provided herein, Transmission Customers can provide input regarding updates to these needs assumptions consistent with Data Collection and Case Development provisions of Section 5.3 and the Information Exchange provisions of Section 16. Additionally, Stakeholder input is considered in the determination of transmission needs consistent with the Data Collection and Case Development provisions of Section 5.3 and through input regarding the transmission planning modeling assumptions consistent with the Coordination provisions of Section 13 and specifically related to transmission needs driven by public policy requirements consistent with Sections 4.3 and 19.2. Stakeholders can also provide input on Economic Planning Studies pursuant to Sections 4.2 and 18.

process for public and non-public utility transmission providers that make the choice to become part of a transmission planning region for purposes of regional cost allocation. 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.[4]

Attachment N-3 contains a list of Enrollees as of the effective date of such tariff record. 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 26-27 of this Attachment N-1. Nothing in this regional transmission planning process includes an unduly discriminatory or preferential process for transmission project submission and selection. As provided below, with respect to regional planning, the SERTP includes sufficient detail to enable Transmission Customers to understand:

12.1 The process for enrollment and terminating enrollment in the SERTP, which is set forth in Section 22 of this Attachment N-1;

12.2 The process for consulting with customers regarding regional transmission planning, which is set forth in Section 13 of this Attachment N-1;

12.3 The notice procedures and anticipated frequency of regional transmission planning meetings, which is set forth in Sections 13 and 14 of this Attachment N-1;

12.4 The Duke Transmission Provider's regional transmission planning methodology, criteria, and processes, which are set forth in Section 15 of this Attachment N-1;

12.5 The method of disclosure of regional transmission planning criteria, assumptions and underlying data, which is set forth in Sections 14 and 15 of this Attachment N-1;

12.6 The obligations of and methods for Transmission Customers to submit data if necessary to support the regional transmission planning process, which are set forth in Section 16 of this Attachment N-1;

12.7 The process for submission of data by nonincumbent developers of transmission projects that wish to participate in the regional transmission planning process and seek regional cost allocation for purposes of Order No. 1000, which is set forth in Sections 23-31 of this Attachment N-1;

12.8 The process for submission of data by merchant transmission developers that wish

[4] Enrollees that are identified pursuant to Section 26 to potentially receive cost savings (associated with the regional cost allocation components in Section 27) due to the transmission developer's proposed transmission project for possible selection in a regional transmission plan for regional cost allocation purposes ("RCAP") shall be referred to as "Beneficiaries."

to participate in the regional transmission planning process, which is set forth in Section 21 of this Attachment N-1;

12.9 The regional dispute resolution process, which is set forth in Section 17 of this Attachment N-1;

12.10 The study procedures for regional economic upgrades to address congestion or the integration of new resources, which is set forth in Section 18 of this Attachment N-1;

12.11 The procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 19 of this Attachment N-1; and

12.12 The relevant regional cost allocation method or methods satisfying the six regional cost allocation principles set forth in Order No. 1000, which is set forth at Section 26-27.

12.13 The process for interregional coordination as described in Attachment N-1 – FRCC, Attachment N-1 – MISO, Attachment N-1 – PJM, Attachment N-1 – SCRTP, and Attachment N-1 – SPP.

13. COORDINATION

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

13.2 Meeting Structure: Each calendar year, the SERTP 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:

13.2.1 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 Duke 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[5] that they would like to have studied by the Duke Transmission Provider and the Sponsors. At this meeting, the Duke Transmission Provider will work with the RPSG to assist the RPSG in formulating these Economic Planning Study requests. The Duke 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 plan[6] 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 is intended to be implemented the following calendar year).[7] Stakeholders may submit comments to the Duke Transmission Provider regarding the Duke Transmission Provider's criteria and methodology during the discussion at the meeting or within ten (10) business days after the meeting, and the Duke Transmission Provider will consider such comments. Depending upon the major transmission planning issues presented at that time, the Duke 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 Duke Transmission Provider's transmission planning process and no longer need detailed training in this regard.

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[5] As indicated *infra* at footnote 1, the Economic Planning Studies discussed in the regional planning portion of this Attachment N-1 (Sections 12-31) refer to the regional Economic Planning Studies conducted through the SERTP Process.

[6] The expectation is that in any given planning cycle, the Duke Transmission Provider's ten year transmission expansion plan along with those of the other Sponsors, will be included in the regional transmission plan. 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.

[7] A regional transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is intended to be the starting point plan for the following calendar year. For example, the regional transmission expansion plan developed during 2014 and presented at the 2014 Annual Transmission Planning Summit is for the 2015 calendar year.

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

13.2.2 Preliminary Expansion Plan Meeting: During the second quarter of each calendar year, the Duke Transmission Provider will meet with all interested Stakeholders to explain and discuss: the Duke 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 Duke Transmission Provider and the Sponsors to consider. The Duke Transmission Provider will also provide an update as to the status of its regional planning analyses performed pursuant to Section 20. In addition, the Duke 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.

13.2.3 Second RPSG Meeting: During the third quarter of each calendar year, the Duke 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. 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 Duke 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 Duke 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 Duke 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 Duke Transmission Provider will address transmission planning issues that the Stakeholders may raise.

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

13.2.4.1 Annual Transmission Planning Summit: At the Annual Transmission Planning Summit aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting, the Duke Transmission Provider will present the final results for the Economic Planning Studies. The Duke Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, which reflects the results of planning analyses performed in the then-current planning cycle, including analyses performed pursuant to Section 20. The Duke 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 Duke Transmission Provider. In addition, the Duke Transmission Provider will address transmission planning issues that the Stakeholders may raise.

13.2.4.2 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 Duke Transmission Provider's following year's ten (10) year transmission expansion plan, which includes the Duke 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 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.

13.3 Committee Structure - the RPSG: 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. Second, the RPSG serves as the representative in interactions with the Duke Transmission Provider and Sponsors for the eight (8) industry sectors identified below.

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

(1) Transmission Owners/Operators[8]

(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

13.3.2 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.

13.3.3 Annual Reformulation: The RPSG will be reformed annually at each First RPSG Meeting and Interactive Training Session discussed in Section 13.2.1. 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.

13.3.4 Simple Majority Voting: RPSG decision-making that will be recognized by the Duke Transmission Provider for purposes of this Attachment N-1

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[8] 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.

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 Duke 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 Duke Transmission Provider will be relieved of any obligation that is associated with such RPSG action.

13.3.5 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 Duke 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 Duke 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 Duke Transmission Provider unless the Duke Transmission Provider agrees in advance to such in writing.

13.4 The Role of the Duke Transmission Provider in Coordinating the Activities of the SERTP Process Meetings and of the Functions of the RPSG: The Duke Transmission Provider will host and conduct the above-described Annual

Transmission Planning Meetings with Stakeholders.[9]

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

13.6 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.

13.7 The Regional Planning Website: The Regional Planning Website will contain information regarding the SERTP Process, including:

13.7.1 Notice procedures and e-mail addresses for contacting the Sponsors and for questions;

13.7.2 A calendar of meetings and other significant events, such as release of draft reports, final reports, data, etc.;

13.7.3 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

13.7.4 The form in which meetings will occur (*i.e.*, in person, teleconference, webinar, *etc*.).

14. OPENNESS

14.1 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

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

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.

14.2 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 Duke Transmission Provider's OASIS website, so as to further facilitate the availability of this transmission planning information on an open and comparable basis.

14.3 CEII Information

14.3.1 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:

14.3.1.1 Relates details about the production, generation, transmission, or distribution of energy;

14.3.1.2 Could be useful to a person planning an attack on critical infrastructure;

14.3.1.3 Is exempt from mandatory disclosure under the Freedom of Information Act; and

14.3.1.4 Does not simply give the general location of the critical infrastructure.

14.3.2 Secured Access to CEII Data: The Regional Planning Website will have a secured area containing the CEII data involved in the SERTP 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 SERTP Process that did not originate with the Duke Transmission Provider, the duty is incumbent upon the entity that submitted the CEII data to have clearly marked it as CEII.

14.3.3 CEII Certification: In order for a Stakeholder to be certified and be eligible for access to the CEII data involved in the SERTP 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 Duke Transmission Provider reserves the discretionary right to waive the certification process, in whole or in part, for anyone that the Duke Transmission Provider deems appropriate to receive CEII information. The Duke 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 17.

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

14.4 Other Sponsor- and Stakeholder- Submitted Confidential Information: The other Sponsors and Stakeholders that provide information to the Duke 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 N-1. 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 Duke Transmission Provider's attention at, or prior to, submittal. Should another Sponsor or Stakeholder consider any information to be submitted to the Duke Transmission Provider to otherwise be confidential (*e.g.*, competitively sensitive), it shall clearly mark that information as such and notify the Duke 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 Duke Transmission Provider (in whole or in part) is required to produce.

14.5 Procedures to Obtain Confidential Non-CEII Information

14.5.1 The Duke 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 in accordance with any other contractual or legal confidentiality requirements.

14.5.2 Without limiting the applicability of Section 14.5.1, 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 14.3 and Section 14.5 would apply.

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

15. TRANSPARENCY

15.1 General**:** Through the Annual Transmission Planning Meetings and postings made on the Regional Planning Website, the Duke Transmission Provider will disclose to its Transmission Customers and other Stakeholders the basic criteria, assumptions, and data that underlie its transmission expansion 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.

15.2 The Availability of the Basic Methodology, Criteria, and Process the Duke Transmission Provider Uses to Develop its Transmission Plan: In an effort to enable Stakeholders to replicate the results of the Duke 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 Duke Transmission Provider will provide the following information, or links thereto, on the Regional Planning Website:

15.2.1 The Electric Reliability Organization and Regional Entity reliability standards that the Duke Transmission Provider utilizes, and complies with, in performing transmission planning.

15.2.2 The Duke Transmission Provider's internal policies, criteria, and guidelines that it utilizes in performing transmission planning.

15.2.3 Software titles and version numbers that may be used to access and perform transmission analyses on the then-current posted data bases.

Any additional information necessary to replicate the results of the Duke Transmission Provider's planning studies will be provided in accordance with, and subject to, the CEII and confidentiality provisions specified in this Attachment N-1.

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

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

15.4.1 Means for contacting the Duke Transmission Provider.

15.4.2 Procedures for submittal of questions regarding transmission planning to the Duke Transmission Provider (in general, questions of a non-immediate nature will be collected and addressed through the Annual Transmission Planning Meeting process).

15.4.3 Instructions for how Stakeholders may obtain transmission base cases and other underlying data used for transmission planning.

15.4.4 Means for Transmission Customers having Service Agreements for Network Integration Transmission Service to provide load and resource assumptions to the Duke Transmission Provider; provided that if there are specific means defined in a Transmission Customer's Service Agreement for Network Integration Transmission Service (NITSA), then the NITSA shall control.

15.4.5 Means for Transmission Customers having Long-Term Service Agreements for Point-To-Point Transmission Service to provide to the Duke 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.

15.5 Transparency Provided Through the Annual Transmission Planning Meetings

15.5.1 The First RPSG Meeting and Interactive Training Session

15.5.1.1 An Interactive Training Session Regarding the Duke Transmission Provider's Transmission Planning Methodologies and Criteria: As discussed in (and subject to) Section 13.2.1, at the First RPSG Meeting and Interactive Training Session, the Duke Transmission Provider will, among other things, conduct an interactive, training and input session for the Stakeholders regarding the methodologies and criteria that the Duke 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 Duke Transmission Provider.

15.5.1.2 Presentation and Explanation of Underlying Transmission Planning Study Methodologies: During the training session in the First RPSG Meeting and Interactive Training Session, the Duke 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).

15.5.2 Presentation of Preliminary Modeling Assumptions: At the Annual Transmission Planning Summit, the Duke Transmission Provider will also provide to the Stakeholders its preliminary modeling assumptions for the development of the Duke 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:

15.5.2.1 Study case definitions, including load levels studied and planning horizon information.

15.5.2.2 Resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs.

15.5.2.3 Planned resource retirements.

15.5.2.4 Renewable resources under consideration.

15.5.2.5 Demand side options under consideration.

15.5.2.6 Long-term firm transmission service agreements.

15.5.2.7 Current TRM and CBM values.

15.5.3 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 Duke Transmission Provider's development of its transmission expansion plan. This dynamic process will generally be provided as follows:

15.5.3.1 At the Annual Transmission Planning Summit and Assumptions Input Meeting, the Duke 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.

15.5.3.2 At the First RPSG Meeting and Interactive Training Session, the Duke 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 Duke Transmission Provider will be posted on the secured area of the Regional Planning Website.

15.5.3.3 To the extent that Stakeholders have transmission expansion plan/enhancement alternatives that they would like for the Duke 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 Duke Transmission Provider will present its preliminary transmission expansion plan for the current ten (10) year planning horizon, including updates on the status of regional assessments being performed pursuant to Section 20. The Duke 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.

15.5.3.4 The transmission expansion plan/enhancement alternatives suggested by the Stakeholders will be considered by the Duke Transmission Provider for possible inclusion in the transmission expansion plan. When evaluating such proposed alternatives, the Duke 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.

15.5.3.5 At the Second RPSG Meeting, the Duke 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.

15.5.3.6 At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that is intended to be implemented the following year will be presented to the Stakeholders along with the regional transmission plan for purposes of Order No. 1000. The Transmission Planning Summit presentations and the regional transmission plan, which is expected to include the ten (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.

15.5.4 Flowchart Diagramming the Steps of the SERTP Process: A flowchart diagramming the SERTP Process, as well as providing the general timelines and milestones for the performance of the activities described herein, is provided in Appendix 2.

16. INFORMATION EXCHANGE

To the extent that the information described in this Section 16 has not already been exchanged pursuant to the Companies' Local Planning Process described in Sections 2-10 herein, the Duke Transmission Provider may request that Transmission Customers and/or other interested parties provide additional information pursuant to this Section 16 in support of regional transmission planning pursuant to Sections 12-31 herein.

16.1 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 Duke 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 Duke Transmission Provider's transmission planning process, with the September 1 due date of these data submissions by customers being timed to facilitate the Duke Transmission Provider's development of its databases and model building for the following year's ten (10) year transmission expansion plan.

16.2 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 Duke 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.

16.3 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 Duke 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.

16.4 Demand Resource Projects: The Duke 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 Duke Transmission Provider to consider such demand response resource comparably with other alternatives. The Stakeholder shall provide this information to the Duke 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 SERTP Process. To the extent similarly situated, the Duke Transmission Provider shall treat such Stakeholder submitted demand resource projects on a comparable basis for transmission planning purposes.

16.5 Interconnection Customers: By September 1 of each year, each Interconnection Customer having an Interconnection Agreement[s] under the Tariff shall provide to the Duke 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.

16.6 Notice of Material Change: Transmission Customers and Interconnection Customers shall provide the Duke 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 Duke Transmission Provider's ability to provide transmission service or materially affecting the Transmission System.

17. DISPUTE RESOLUTION[10]

17.1 Negotiation: Any substantive or procedural dispute between the Duke Transmission Provider and one or more Stakeholders (collectively, the "Parties") that arises from the Attachment N-1 transmission planning process generally shall be referred to a designated senior representative of the Duke 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 SERTP 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.

17.2 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 Duke 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

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[10] Any dispute, claim or controversy amongst Duke or Progress and/or a stakeholder regarding application of, or results from the local transmission planning process contained in Sections 2-11 herein (each a "Dispute") shall be resolved in accordance with the procedures set forth in Section 6 herein. Any procedural or substantive dispute that arises from the SERTP will be addressed by the regional Dispute Resolution Measures contained in this Section 17.

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 Duke 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.

17.3 Costs: Each Party involved in a dispute resolution process hereunder, and each "participant" in a Commission ADR Process utilized in accordance with Section 17.2, 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.

17.4 Rights under the Federal Power Act: Nothing in this Section 17 shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

18. REGIONAL ECONOMIC PLANNING STUDIES[11]

18.1 General - Economic Planning Study Requests: Stakeholders will be allowed to request that the Duke Transmission Provider perform up to five (5) Stakeholder requested economic planning studies (Economic Planning Studies) on an annual basis.

18.2 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 with the region encompassed by this SERTP 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.

18.3 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.

18.4 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

[11] The economic planning studies undertaken pursuant to this Section 18 are regional. Local economic studies are undertaken pursuant to Section 4.2 herein.

nature and the Duke Transmission Provider concludes that clustering of such requests and studies is appropriate, the Duke Transmission Provider may, following communications with the RPSG, cluster those studies for purposes of the transmission evaluation.

18.5 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 Duke 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 Duke 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 Duke Transmission Provider will provide to the requesting Stakeholder(s) a non-binding but good faith estimate of what the Duke 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 Duke Transmission Provider's and other affected Sponsor[s]' estimated study costs up-front, with those costs being trued-up to the Duke Transmission Provider's and other affected Sponsor[s]' actual costs upon the completion of the additional Economic Planning Study.

18.6 Economic Planning Study Process

18.6.1 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 Duke Transmission Provider with the CEII identified, and the study request shall then be posted on the secure area of the Regional Planning Website).

18.6.2 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 Duke 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 Duke Transmission Provider, who will post the results on the Regional Planning Website.

18.6.3 The Duke 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.

18.6.4 Stakeholders will have thirty (30) calendar days from the Duke 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.

18.6.5 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. The Second RPSG Meeting will be an interactive session with the RPSG and other interested Stakeholders in which the Duke 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 Duke Transmission Provider will consider the alternatives provided by the Stakeholders.

18.6.6 The final results of the Economic Planning Studies will be presented at the Annual Transmission Planning Summit, and the Duke 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.

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

19. CONSIDERATION OF TRANSMISSION NEEDS DRIVEN BY PUBLIC POLICY REQUIREMENTS

19.1 Procedures for the Consideration of Transmission Needs Driven by Public Policy

Requirements: The Duke Transmission Provider addresses transmission needs driven by enacted state, federal and local laws and/or regulations (Public Policy Requirements) in its routine planning, design, construction, operation, and maintenance of the Transmission System. This includes the planning for and expansion of physical transmission system delivery capacity to provide long-term firm transmission services to meet i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff.

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

19.2.1 Requisite Information: In order for the Duke Transmission Provider to consider possible transmission needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information in accordance with the submittal instructions provided on the Regional Planning Website:

19.2.1.1 The applicable Public Policy Requirement, which must be a requirement established by an enacted state, federal or local law(s) and/or regulation(s); and

19.2.1.2 An explanation of the possible transmission need(s) driven by the Public Policy Requirement identified in subsection (19.2.1.1) (*e.g.,* the situation or system condition for which possible solutions may be needed, as opposed to a specific transmission project).

19.2.2 Deadline for Providing Such Information: Stakeholders that propose a possible transmission need driven by a Public Policy Requirement for evaluation by the Duke Transmission Provider in the current transmission planning cycle must provide the requisite information identified in Section 19.2.1 to the Duke 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.

19.3 Duke Transmission Provider Evaluation of SERTP Stakeholder Input Regarding Possible Transmission Needs Driven by Public Policy Requirements

19.3.1 Identification of Public Policy-Driven Transmission Needs: In order to identify, out of the set of possible transmission needs driven by Public Policy Requirements proposed by Stakeholders, those transmission needs for which transmission solutions will be evaluated in the current planning cycle, the Duke Transmission Provider will assess:

19.3.1.1 Whether the Stakeholder-identified Public Policy Requirement is an enacted local, state, or federal law(s) and/or regulation(s);

19.3.1.2 Whether the Stakeholder-identified Public Policy Requirement drives a transmission need(s); and

19.3.1.3 If the answers to the foregoing questions 1) and 2) are affirmative, whether the transmission need(s) driven by the Public Policy Requirement is already addressed or otherwise being evaluated in the then-current planning cycle.

19.3.2 Identification and Evaluation of Possible Transmission Solutions for Public Policy-Driven Transmission Needs that Have Not Already Been Addressed: If a Public Policy-driven transmission need is identified that is not already addressed, or that is not already being evaluated in the transmission expansion planning process, the Duke Transmission Provider will identify a transmission solution(s) to address the aforementioned need in the planning processes. The potential transmission solutions will be evaluated consistent with Section 20.

19.4 Stakeholder Input During the Evaluation of Public Policy-Driven Transmission Needs and Possible Transmission Solutions

19.4.1 Typically at the First RPSG Meeting and Interactive Training Session, but not later than the Preliminary Expansion Plan Meeting, for the given transmission planning cycle, the Duke Transmission Provider will review the Stakeholder-proposed transmission needs driven by Public Policy Requirements to be evaluated in the then-current planning cycle. Prior to the meeting at which transmission needs driven by Public Policy Requirements will be reviewed, the Duke Transmission Provider will identify, on the Regional Planning Website, which possible transmission needs driven by Public Policy Requirements proposed by Stakeholders (if any) are transmission needs(s) that are not already addressed in the planning process and will, pursuant to Sections 19.3.1 and 19.3.2, be addressed in the current planning cycle.

19.4.2 Stakeholders, including those who are not Transmission Customers, may provide input regarding Stakeholder-proposed possible transmission need(s) and may provide input during the evaluation of potential transmission solutions to identified transmission needs driven by Public Policy Requirements. Specifically with regard to the evaluation of such potential transmission solutions, a Stakeholder may provide input at the Preliminary Expansion Plan Meeting. If a Stakeholder has performed analysis regarding such a potential transmission solution, the Stakeholder may provide any such analysis at that time.

19.4.3 Stakeholder input regarding possible transmission needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the possible 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.

19.5 Posting Requirement: The Duke Transmission Provider will provide and post on the Regional Planning Website an explanation of (1) those transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential transmission projects in the then-current planning cycle; and (2) why other suggested, possible transmission needs driven by Public Policy Requirements proposed by Stakeholders were not selected for further evaluation.

20. REGIONAL ANALYSES OF POTENTIALLY MORE EFFICIENT OR COST EFFECTIVE TRANSMISSION SOLUTIONS

20.1 Regional Planning Analyses

20.1.1 During the course of each transmission planning cycle, the Duke Transmission Provider will conduct regional transmission analyses to assess if the then-current regional transmission plan addresses the Duke Transmission Provider's transmission needs, including those of its Transmission Customers and those which may be driven, in whole or in part, by economic considerations or Public Policy Requirements. This regional analysis will include assessing whether there may be more efficient or cost effective transmission projects to address transmission needs than transmission projects included in the latest regional transmission plan (including projects selected in a regional transmission plan for RCAP pursuant to Section 26).

20.1.2 The Duke Transmission Provider will perform power flow, dynamic, and short circuit analyses, as necessary, to assess whether the then-current regional transmission plan would provide for the physical transmission capacity required to address the Duke Transmission Provider's transmission needs, including those transmission needs of its Transmission Customers and those driven by economic considerations and Public Policy Requirements. Such analysis will also evaluate those potential transmission needs driven by Public Policy Requirements identified by Stakeholders pursuant to Section 19.3.1. If the Duke Transmission Provider determines that the on-going planning being performed for the then-current cycle would not provide sufficient physical transmission capacity to address a transmission need(s), the Duke Transmission Provider will identify potential transmission projects to address the transmission need(s).

20.2 Identification and Evaluation of More Efficient or Cost Effective Transmission Project Alternatives

20.2.1 The Duke Transmission Provider will look for potential regional transmission projects that may be more efficient or cost effective solutions to address transmission needs than transmission projects included in the latest regional transmission plan or otherwise under consideration in the then-current transmission planning process for the ten (10) year planning horizon. Consistent with Section 20.1, through power flow, dynamic, and short circuit analyses, as necessary, the Duke Transmission Provider will evaluate regional transmission projects identified to be potentially more efficient or cost effective solutions to address transmission needs, including those transmission alternatives proposed by Stakeholders pursuant to Section 15.5.3.3 and transmission projects proposed for RCAP pursuant to Section 25. The evaluation of transmission projects in these regional assessments throughout the then-current planning cycle will be based upon their effectiveness in addressing transmission needs, including those driven by Public Policy Requirements, reliability and/or economic considerations. Such analysis will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. In assessing whether transmission alternatives are more efficient and/or cost effective transmission solutions, the Duke Transmission Provider shall consider factors such as, but not limited to, a transmission project's:

20.2.1.1 Impact on reliability.

20.2.1.2 Feasibility, including the viability of constructing and tying in the proposed project by the required in-service date.

20.2.1.3 Relative transmission cost, as compared to other transmission project alternatives to reliably address transmission needs.

20.2.1.4 Ability to reduce real power transmission losses on the transmission system(s) within the SERTP region, as compared to other transmission project alternatives to reliably address transmission needs.

20.2.2 Stakeholder Input: Stakeholders may provide input on potential transmission alternatives for the Duke Transmission Provider to consider throughout the SERTP planning process for each planning cycle in accordance with Section 15.5.3.

21. MERCHANT TRANSMISSION DEVELOPERS PROPOSING TRANSMISSION FACILITIES IMPACTING THE SERTP:

Merchant transmission developers not seeking regional cost allocation pursuant to Sections 25-31 (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 Duke 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.

22. ENROLLMENT

22.1 General Eligibility for Enrollment: A public utility or non-public utility transmission service provider and/or transmission owner who is registered with NERC as a Transmission Owner or a Transmission Service Provider and that owns or provides transmission service over transmission facilities within the SERTP region may enroll in the SERTP. Such Transmission Service Providers and Transmission Owners are thus potential Beneficiaries for cost allocation purposes on behalf of their transmission customers.[12] Entities that do not enroll will nevertheless be permitted to participate as Stakeholders in the SERTP.

22.2 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 in a regional transmission plan for RCAP pursuant to Sections 25-31, a potential transmission developer must enroll in the SERTP in order to be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.

22.3 Means to Enroll: Entities that satisfy the general eligibility requirements of Section 22.1 or are required to enroll in accordance with Section 22.2 may provide an application to enroll by submitting the form of enrollment posted on the Regional Planning Website.

22.4 List of Enrollees in the SERTP: Attachment N-3 provides the list of the entities who have enrolled in the SERTP in accordance with the foregoing provisions (Enrollees). Attachment N-3 is effective as of the effective date of the tariff record (and subject to Section 22.5, below) that contains Attachment N-3. In the event a non-public utility listed in Attachment N-3 provides the Duke Transmission Provider with notice that it chooses not to enroll in, or is withdrawing from, the SERTP pursuant to Section 22.5 or Section 22.6, as applicable, such action shall be effective as of the date prescribed in accordance with that respective Section. In such an event, the Duke Transmission Provider shall file revisions to the lists of Enrollees in Attachment N-3 within fifteen business days of such notice. The effective date of any such revised tariff record

[12] Should a NERC-registered Transmission Owner or Transmission Service Provider that owns or provides transmission service over facilities located adjacent to, and interconnected with, transmission facilities within the SERTP region provide an application to enroll in the SERTP, such a request to expand the SERTP will be considered by the Duke Transmission Provider, giving consideration to the integrated nature of the SERTP region

shall be the effective date of the non-public utility's election to not enroll or to withdraw as provided in Section 22.5 or 22.6, as applicable.

22.5 Enrollment, Conditions Precedent, Conditions Subsequent, and Cost Allocation Responsibility: Enrollment will subject Enrollees to cost allocation if, during the period in which they are enrolled, it is determined in accordance with this Attachment N-1 that the Enrollee is a Beneficiary of a transmission project(s) selected in the regional transmission plan for RCAP; subject to the following:

22.5.1 Upon Order on Compliance Filing: The initial non-public utilities that satisfy the general eligibility requirements of 22.1 and who have made the decision to enroll at the time of the Duke Transmission Provider's compliance filing in response to FERC's July 18, 2013 Order on Compliance Filings in Docket Nos. ER13-897, ER13-908, and ER13-913, 144 FERC ¶ 61,054, do so on the condition precedent that the Commission accepts: i) that compliance filing without modification and without setting it for hearing or suspension and ii) the Duke Transmission Provider's July 10, 2013 compliance filing made in Docket Nos. ER13-1928, ER13-1930, ER13-1940, and ER13-1941 without modification and without setting it for hearing or suspension. Should the Commission take any such action upon review of such compliance filings or in any way otherwise modify, alter, or impose amendments to this Attachment N-1, then each such non-public utility shall be under no obligation to enroll in the SERTP and shall have sixty (60) days following such an order or action to provide written notice to the Duke Transmission Provider of whether it will, in fact, enroll in the SERTP. If, in that event, such non-public utility gives notice to the Duke Transmission Provider that it will not enroll, such non-public utility shall not be subject to cost allocation under this Attachment N-1 (unless it enrolls at a later date).

22.5.2 Upon Future Regulatory Action: Notwithstanding anything herein to the contrary, should the Commission, a Court, or any other governmental entity having the requisite authority modify, alter, or impose amendments to this Attachment N-1, then an enrolled non-public utility may immediately withdraw from this Attachment N-1 by providing written notice within sixty (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 (although if the Commission has not acted by that prior business day upon both of the compliance filings identified in Section 22.5.1, then the non-public utility shall never have been deemed to have enrolled in the SERTP). In the event of such a withdrawal due to such a future regulatory and/or judicial action, the withdrawing Enrollee will be subject to cost allocations, if any, that were determined in accordance with this Attachment N-1 during the period in which it was enrolled and that determined that the withdrawing Enrollee would be a Beneficiary of new transmission projects selected in the regional transmission plan for RCAP.

22.6 Notification of Withdrawal: An Enrollee choosing to withdraw its enrollment in the SERTP may do so by providing written notification of such intent to the Duke Transmission Provider. Except for non-public utilities electing to not enroll or withdraw pursuant to Section 22.5, a non-public utility Enrollee's withdrawal shall be effective as of the date the notice of withdrawal is provided to the Duke Transmission Provider pursuant to this Section 22.6. For public utility Enrollees, the withdrawal shall be effective at the end of the then-current transmission planning cycle provided that the notification of withdrawal is provided to the Duke Transmission Provider at least sixty (60) days prior to the Annual Transmission Planning Summit and Assumptions Input Meeting for that transmission planning cycle.

22.7 Cost Allocation After Withdrawal: Any withdrawing Enrollee will not be allocated costs for transmission projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of Section 22.5 or Section 22.6. However, the withdrawing Enrollee will be subject to cost allocations determined in accordance with this Attachment N-1 during the period it was enrolled, if any, for which the Enrollee was identified as a Beneficiary of new transmission projects selected in the regional transmission plan for RCAP.

23. PRE-QUALIFICATION CRITERIA FOR A TRANSMISSION DEVELOPER TO BE ELIGIBLE TO SUBMIT A REGIONAL TRANSMISSION PROJECT PROPOSAL FOR POTENTIAL SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP

23.1 Transmission Developer Pre-Qualification Criteria: In order to be eligible to propose a transmission project (that the transmission developer intends to develop) for consideration for selection in a regional transmission plan for RCAP in the upcoming planning cycle, a transmission developer (including the Duke Transmission Provider and nonincumbents) or a parent company (as defined in Section 23.1.2.2 below), as applicable, must submit a pre-qualification application by August 1st of the then-current planning cycle. To demonstrate that the transmission developer will be able to satisfy the minimum financial capability and technical expertise requirements, the pre-qualification application must provide the following:

23.1.1 A non-refundable administrative fee of $25,000 to off-set the cost to review, process, and evaluate the transmission developer's pre-qualification application;

23.1.2 Demonstration that at least one of the following criteria is satisfied:

23.1.2.1 The transmission developer must have and maintain a Credit Rating (defined below) of BBB- or better from Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial (S&P), a Credit Rating of Baa3 or better from Moody's Investors Service, Inc. (Moody's) and/or a Credit Rating of BBB- or better from Fitch Ratings, Inc. (Fitch, collectively with S&P and Moody's and/or their successors, the "Rating Agencies") and not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch. The senior unsecured debt (or similar) rating for the relevant entity from the Rating Agencies will be considered the "Credit Rating". In the event of multiple Credit Ratings from one Rating Agency or Credit Ratings from more than one Rating Agency, the lowest of those Credit Ratings will be used by the Duke Transmission Provider for its evaluation. However, if such a senior unsecured debt (or similar) rating is unavailable, the Duke Transmission Provider will consider Rating Agencies' issuer (or similar) ratings as the Credit Rating.

23.1.2.2 If a transmission developer does not have a Credit Rating from S&P, Moody's or Fitch, it shall be considered "Unrated", and an Unrated transmission developer's parent company or the entity that plans to create a new subsidiary that will be the transmission developer (both hereinafter "parent company") must have and maintain a Credit Rating of BBB- or better from S&P, Baa3 or better from Moody's and/or BBB- or better from Fitch, not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch, and the parent company must commit in writing to provide an acceptable guaranty to the Duke Transmission Provider meeting the requirements of Section 31 for the transmission developer if a proposed transmission project is selected in a regional transmission plan for RCAP. If there is more than one parent company, the parent company(ies) committing to provide the guaranty must meet the requirements set forth herein.

23.1.2.3 For an Unrated transmission developer, unless its parent company satisfies the requirements under B. above, such transmission developer must have and maintain a Rating Equivalent (defined below) of BBB- or better. Upon an Unrated transmission developer's request, a credit rating will be determined for such Unrated transmission developer comparable to a Rating Agency credit rating (Rating Equivalent) based upon the process outlined below:

(1) Each Unrated transmission developer will be required to pay a non-refundable annual fee of $15,000.00 for its credit to be evaluated/reevaluated on an annual basis.

(2) Upon request by the Duke Transmission Provider, an Unrated transmission developer must submit to the Duke Transmission Provider for the determination of a Rating Equivalent, and not less than annually thereafter, the following information with respect to the transmission developer, as applicable:

(A) financial statements (audited if available) for each completed fiscal quarter of the then current fiscal year including the most recent fiscal quarter, as well as the most recent three (3) fiscal years;

(i) For Unrated transmission developers with publicly-traded stock, this information must include:

(a) Annual reports on Form 10-K (or successor form) for the three (3) fiscal years most recently ended, and quarterly reports on Form 10-Q (or successor form) for each completed quarter of the then current fiscal year, together with any amendments thereto, and

(b) Form 8-K (or successor form) reports disclosing material changes, if any, that have been filed since the most recent Form 10-K (or successor form), if applicable;

(ii) For Unrated transmission developers that are privately held, this information must include:

(a) Financial Statements, including balance sheets, income statements, statement of cash flows, and statement of stockholder's equity,

(b) Report of Independent Accountants,

(c) Management's Discussion and Analysis, and

(d) Notes to financial statements;

(B) its Standard Industrial Classification and North American Industry Classification System codes;

(C) at least one (1) bank and three (3) acceptable trade references;

(D) information as to any material litigation, commitments or contingencies as well as any prior bankruptcy declarations or material defaults or defalcations by, against or involving the transmission developer or its predecessors, subsidiaries or affiliates, if any;

(E) information as to the ability to recover investment in and return on its projects;

(F) information as to the financial protections afforded to unsecured creditors contained in its contracts and other legal documents related to its formation and governance;

(G) information as to the number and composition of its members or customers;

(H) its exposure to price and market risk;

(I) information as to the scope and nature of its business; and

(J) any additional information, materials and documentation which such Unrated transmission developer deems relevant evidencing such Unrated transmission developer's financial capability to develop, construct, operate and maintain transmission developer's projects for the life of the projects.

(3) The Duke Transmission Provider will notify an Unrated transmission developer after the determination of its Rating Equivalent. Upon request, the Duke Transmission Provider will provide the Unrated transmission developer with information regarding the procedures, products and/or tools

used to determine such Rating Equivalent (*e.g.*, Moody's RiskCalc™ or other product or tool, if used).

(4) An Unrated transmission developer desiring an explanation of its Rating Equivalent must request such an explanation in writing within five (5) business days of receiving its Rating Equivalent. The Duke Transmission Provider will respond within fifteen (15) business days of receipt of such request with a summary of the analysis supporting the Rating Equivalent decision.

23.1.3 Evidence that the transmission developer has the capability to develop, construct, operate, and maintain significant U.S. electric transmission projects. The transmission developer should provide, at a minimum, the following information about the transmission developer. If the transmission developer is relying on the experience or technical expertise of its parent company or affiliate(s) to meet the requirements of this subsection 3, the following information should be provided about the transmission developer's parent company and its affiliates, as applicable:

23.1.3.1 Information regarding the transmission developer's or other relevant experience regarding 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;

23.1.3.2 Evidence demonstrating the ability to address and timely remedy failure of transmission facilities;

23.1.3.3 Violations of NERC and/or Regional Entity reliability standard(s) and/or violations of regulatory requirement(s) that have been made public pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission infrastructure facilities (provided that violations of CIP standards are not required to be identified), and, if so, an explanation of such violations; and

23.1.3.4 A description of the experience of the transmission developer in acquiring rights of way.

23.1.4 Evidence of how long the transmission developer and its parent company, if relevant, have been in existence.

23.2 Review of Pre-Qualification Applications: No later than November 1st of the then-current planning cycle, the Duke Transmission Provider will notify transmission developers that submitted pre-qualification applications or updated information by August 1st, whether they have pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the upcoming planning cycle. A list of transmission developers that have pre-qualified for the upcoming planning cycle will be posted on the Regional Planning Website.

23.3 Opportunity for Cure for Pre-Qualification Applications: If a transmission developer does not meet the pre-qualification criteria or provides an incomplete application, then following notification by the Duke Transmission Provider, the transmission developer will have 15 calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency. The Duke Transmission Provider will notify the transmission developer, whether they are, or will continue to be, pre-qualified within 30 calendar days of the resubmittal, provided that the Duke Transmission Provider shall not be required to provide such a response prior to November 1st of the then-current planning cycle.

23.4 Pre-Qualification Renewal: If a transmission developer is pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the then-current planning cycle, such transmission developer may not be required to re-submit information to pre-qualify with respect to the upcoming planning cycle. In the event any information on which the entity's pre-qualification is based has changed, such entity must submit all updated information by the August 1st deadline. In addition, all transmission developers must submit a full pre-qualification application once every 3 years.

23.5 Enrollment Requirement to Pre-Qualify as Eligible to Propose a Transmission Project for Potential Selection in a Regional Transmission Plan for RCAP: If a transmission developer or its parent company 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 22.2 to be eligible to pre-qualify to propose a transmission project for potential selection in a regional transmission plan for RCAP.

24. TRANSMISSION PROJECTS POTENTIALLY ELIGIBLE FOR SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP:

24.1 In order for a transmission project proposed by a transmission developer, whether incumbent or non-incumbent, to be considered for evaluation and potential selection in a regional transmission plan for RCAP, the project must be regional in nature in that it must be a transmission project effectuating significant bulk electric transfers across the SERTP region and addressing significant electrical needs in that it:

24.1.1 operates at a voltage of 300 kV or greater;

24.1.2 is a transmission line located in the SERTP region;

24.1.3 spans at least 50 miles; and

24.1.4 has two or more Beneficiaries.[13]

24.2 In addition to satisfying the requirements of Section 24.1, 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 property and/or ROW, as the case may be.[14] The proposed transmission project also cannot be an upgrade to an existing facility. A transmission upgrade includes any expansion, partial replacement, or modification, for any purpose, made to existing transmission facilities, including, but not limited to:

24.2.1 transmission line reconductors;

24.2.2 the addition, modification, and/or replacement of transmission line structures and equipment;

24.2.3 increasing the nominal operating voltage of a transmission line;

24.2.4 the addition, replacement, and/or reconfiguration of facilities within an existing substation site;

24.2.5 the interconnection/addition of new terminal equipment onto existing transmission lines.

For purposes of clarification, a transmission project proposed for potential selection in a regional transmission plan for RCAP may rely on the implementation of one or more transmission upgrades (as defined above) by the Impacted Utilities in order to reliably implement the proposed transmission project.

24.3 In order for the proposed transmission project to be a more efficient or cost effective alternative to the transmission projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration in the expansion planning process. A project will be deemed materially different, as compared to another transmission alternative(s) under consideration, if the proposal consists of significant geographical or electrical differences in the alternative's proposed interconnection point(s) or transmission line routing. Should the proposed transmission project be

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[13] A transmission developer is not responsible for determining whether a regional transmission project would have more than one Beneficiary; the Duke Transmission Provider will determine the Beneficiaries of any proposed transmission project.

[14] The proposed regional transmission project must not contravene state or local laws with regard to construction of transmission facilities.

deemed not materially different than projects already under consideration in the transmission expansion planning process, the Duke Transmission Provider will provide a sufficiently detailed explanation on the Regional Planning Website for Stakeholders to understand why such determination was made.

25. SUBMISSION OF PROPOSALS FOR POTENTIAL SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP

Any entity may propose a transmission project for consideration by the Duke Transmission Provider for potential selection in a regional transmission plan for RCAP.[15] An entity that wants to propose a transmission project for potential selection in a regional transmission plan for RCAP but does not intend to develop the transmission project may propose such transmission project in accordance with Section 25.6.

25.1 Materials to be Submitted: In order for a transmission project to be considered for RCAP, a pre-qualified transmission developer proposing the transmission project (including an incumbent or nonincumbent transmission developer) must provide to the Duke Transmission Provider the following information:

25.1.1 Sufficient information for the Duke Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 24;

25.1.2 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.);

25.1.3 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 may be asked to support such differences with supplemental information;

25.1.4 Data and/or files necessary to appropriately model the proposed transmission project;

25.1.5 Documentation of the specific transmission need(s) that the proposed transmission project is intended to address. This documentation should include a description of the transmission need(s), timing of the transmission need(s), and may include, the technical analysis performed

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[15] The regional cost allocation process provided hereunder in accordance with Sections 25-31 does not limit the ability of the Duke Transmission Provider and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.

to support that the proposed transmission project addresses the specified transmission need(s);

25.1.6 A description of why the proposed transmission project is expected to be more efficient or cost effective than other transmission projects included in the then-current regional transmission plan. If available, and to facilitate the evaluation of the proposal and to mitigate the potential for disputes, the entity proposing the project for potential selection in a regional transmission plan for RCAP may submit documentation of detailed technical analyses performed that supports the position that the proposed transmission project addresses the specified transmission needs more efficiently or cost-effectively. Such optional documentation could include the following:

25.1.6.1 Transmission projects in the latest transmission expansion plan or regional transmission plan that would be displaced by the proposed project,

25.1.6.2 Any additional projects that may be required in order to implement the proposed project, or

25.1.6.3 Any reduction/increase in real-power transmission system losses;

25.1.7 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;

25.1.7.1 The transmission developer should not expect to use the Duke Transmission Provider's right of eminent domain for ROW acquisition;

25.1.8 How the transmission developer intends to comply with all applicable standards and obtain the appropriate NERC certifications,

25.1.8.1 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;

25.1.9 The experience of the transmission developer specific to developing, constructing, maintaining, and operating the type of transmission facilities contained in the transmission project proposed for potential selection in a regional transmission plan for RCAP,

25.1.9.1 Including verifiable past achievements of containing costs and adhering to construction schedules for transmission projects of similar size and scope as the proposed transmission project, and

25.1.9.2 Including a description of emergency response and restoration of damaged equipment capability

25.1.10 The planned or proposed project implementation management teams and the types of resources, including relevant capability and experience, contemplated for use in the development and construction of the proposed project;

25.1.11 A written commitment to comply with all applicable standards, including Good Utility Practices, governing the engineering, design, construction, operation, and maintenance of transmission projects in the SERTP region; and

25.1.12 Evidence of the ability of the transmission developer, its affiliate, partner or parent company to secure a financial commitment from an approved financial institution(s) agreeing to finance the construction, operation, and maintenance of the transmission project if selected in a regional transmission plan for RCAP.

25.2 Administrative Fee: 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:

25.2.1 The proposal is determined to not satisfy the qualification criteria in Section 25.1; or

25.2.2 The transmission developer withdraws its proposal by providing written notification of its intention to do so to the Duke Transmission Provider prior to the First RPSG Meeting and Interactive Training Session for that transmission planning cycle.

25.3 Deadline for Transmission Developer Submittals: 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 and payment identified in Sections 25.1-25.2 to the Duke Transmission Provider in accordance with the submittal instructions 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.

25.4 Initial Review of Submittal and Opportunity for Cure: The Duke Transmission Provider will notify transmission developers who propose a transmission project for potential selection in a regional transmission plan for RCAP whose submittals do not meet the requirements specified in Sections 25.1-25.2, or who provide an incomplete submittal, within 45 calendar days of the submittal deadline to allow the transmission developer 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. The Duke Transmission Provider will notify the transmission developer, whether they have adequately remedied the deficiency within 30 calendar days of the resubmittal. Should the deficiency(ies) remain unremedied, then the transmission project will not be considered for RCAP.

25.5 Change in the Qualification Information or Circumstances:

25.5.1 The transmission developer proposing a transmission project for potential selection in a regional transmission plan for RCAP has an obligation to update and report in writing to the Duke Transmission Provider any change to its or its parent company's information that was provided as the basis for its satisfying the requirements of Sections 23 through 31, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 25.1.6 to reflect updated transmission planning data as the transmission planning cycle(s) progresses.

25.5.2 The transmission developer must inform the Duke Transmission Provider of the occurrence of any of the developments described in (1) or (2) below should the following apply (and within the prescribed time period): (i) within five (5) business days of the occurrence if the transmission developer has a pre-qualification application pending as of the date of the occurrence; (ii) upon the submission of a renewal request for pre-qualification should the development have occurred since the transmission developer was pre-qualified; (iii) prior to, or as part of, proposing a transmission project for potential selection in a regional transmission plan for RCAP pursuant to Section 25.1 should the development have occurred since the transmission developer was pre-qualified; and (iv) within five (5) business days of the occurrence if the transmission developer has a transmission project either selected or under consideration for selection in a regional transmission plan for RCAP. These notification requirements are applicable upon the occurrence of any of the following:

25.5.2.1 the existence of any material new or ongoing investigations against the transmission developer by the Commission, the Securities and Exchange Commission, or any other governing, regulatory, or standards body that has been or was required to be made public; if its parent company has been relied upon to meet the requirements of Section 23.1.2 or Section 31, such information must be provided for the parent company and, in any event, with respect to any affiliate that is a transmitting utility; and

25.5.2.2 any event or occurrence which could constitute a material adverse change in the transmission developer's (and, if the parent company has been relied upon to meet the requirements of Section 23.1.2 or Section 31, the parent company's) financial condition (Material Adverse Change) such as:

(1) A downgrade or suspension of any debt or issuer rating by any Rating Agency,

(2) Being placed on a credit watch with negative implications (or similar) by any Rating Agency,

(3) A bankruptcy filing or material default or defalcation,

(4) Insolvency,

(5) A quarterly or annual loss or a decline in earnings of twenty-five percent (25%) or more compared to the comparable year-ago period,

(6) Restatement of any prior financial statements, or

(7) Any government investigation or the filing of a lawsuit that reasonably would be expected to adversely impact any current or future financial results by twenty-five percent (25%) or more.

25.5.3 If at any time the Duke Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional transmission plan for RCAP no longer satisfies such requirements specified in Sections 23-25, then the Duke Transmission Provider will so notify the transmission developer or entity who will have fifteen (15) calendar days to cure. If the transmission developer does not meet the fifteen (15) day deadline to cure, or if the Duke Transmission Provider determines that the transmission developer continues to no longer satisfy the requirements specified in Sections 23-25 despite the transmission developer's efforts to cure, then the Duke Transmission Provider may, without limiting its other rights and remedies, immediately remove the transmission developer's potential transmission project(s) from consideration for potential selection in a regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

25.6 Projects Proposed for RCAP Where the Entity Making the Proposal Does Not Intend to be the Developer of the Project: Any Stakeholder may propose a potentially more cost effective or efficient transmission project for consideration in the transmission planning process in accordance with Section 15.5.3, and nothing herein limits the ability of a Stakeholder and other entities to negotiate alternative transmission development arrangements voluntarily and separately from the processes provided in this Attachment N-1. Should an entity propose a transmission project for potential selection in a regional transmission plan for RCAP but not intend to develop the project, then the following applies. Such an entity must submit the information required by Sections 25.1.1, 25.1.5, and 25.1.6 for a regional transmission project eligible for potential selection in a regional transmission plan for RCAP within the sixty (60) day window established in 25.3. Provided that the proposal complies with those requirements, the Duke Transmission Provider will make information describing the proposal available on the Regional Planning Website. The entity proposing the transmission project should coordinate with a transmission developer (either incumbent or nonincumbent) to have the developer submit the remaining information and materials required by Section 25. A pre-qualified transmission developer, should it decide to proceed, must submit the materials required by Section 25 within the sixty (60) day window established in Section 25.3 in order for the proposed transmission project to be considered for selection in a regional transmission plan for RCAP. If such a transmission project has not been so submitted within the sixty (60) day window established in Section 25.3, then the Duke Transmission Provider may treat the project as a Stakeholder-proposed transmission project alternative pursuant to Section 15.5.3. Furthermore, should the Duke Transmission Provider identify in the regional transmission planning process a regional transmission project that is selected in the regional transmission plan for RCAP that does not have a transmission developer that intends or is able to develop the project, the Duke Transmission Provider will identify such project on the Regional Planning Website. A prequalified transmission developer that desires to develop the project, whether incumbent or non-incumbent, may then propose the transmission project, pursuant to Sections 24 and 25, as the intended transmission developer for the project's on-going consideration in a regional transmission plan for RCAP.

26. EVALUATION AND POTENTIAL SELECTION OF PROPOSALS FOR SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP

26.1 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 Duke Transmission Provider will evaluate current transmission needs and assess alternatives to address current needs including the potential transmission projects proposed for possible selection in a regional transmission plan for RCAP by transmission developers consistent with the regional evaluation process described in Section 20. 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 Duke Transmission Provider will perform analyses, including power flow, dynamic, and short circuit analyses, as necessary and, applying its planning guidelines and criteria to evaluate submittals, determine whether, throughout the ten (10) year planning horizon:

26.1.1 The proposed transmission project addresses an underlying transmission need(s);

26.1.2 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 (consistent with the reevaluation of the projects included in a regional transmission plan as described in Section 28) by the proposed transmission project, including;

26.1.2.1 transmission projects in the Duke Transmission Provider's ten year transmission expansion plan,

26.1.2.2 transmission projects in the regional transmission plan, including those currently under consideration and/or selected for RCAP;

26.1.3 The proposed transmission project addresses a transmission need(s) for which no transmission project is currently included in the latest ten (10) year expansion plans and/or regional transmission plan. If so, the Duke Transmission Provider will identify an alternative transmission project(s) which would be required to fully and appropriately address the same transmission need(s) (*e.g.*, otherwise considered to be the more efficient or cost effective transmission alternative). The Duke Transmission Provider will identify and evaluate such an alternative transmission project(s) consistent with the processes described in Sections 1 to 11 and 20;

26.1.4 Any additional projects that would be required to implement the proposed transmission project;

26.1.5 The proposed transmission project reduces and/or increases real power transmission losses on the transmission system within the SERTP region.

Previous analysis may be used, either in part or in whole, if applicable to the evaluation of the proposed regional transmission project. Stakeholders may provide input into the evaluation of RCAP proposals throughout the SERTP process consistent with Section 15.5.3

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

26.2.1 Based upon the evaluation outlined in Section 26.1, the Duke Transmission Provider will assess whether the transmission developer's transmission project proposed for potential selection in a regional transmission plan for 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 individual Impacted Utility should incur increased, unmitigated transmission costs.[16]

26.2.1.1 The benefit used in this calculation for purposes of assessing the transmission developer's proposed transmission project will be quantified by the Beneficiaries' total cost savings in the SERTP region associated with:

(1) All transmission projects in the ten (10) year transmission expansion plan which would be displaced, as identified pursuant to Section 26.1;

(2) All regional transmission projects included in the regional transmission plan which would be displaced, as identified pursuant to Section 26.1 and to the extent no overlap exists with those transmission projects identified as displaceable in the Duke Transmission Provider's ten (10) year transmission expansion plan. This includes transmission projects currently selected in the regional transmission plan for RCAP; and

(3) All alternative transmission project(s), as determined pursuant to Section 26.1 that would be required in lieu of the proposed regional transmission project, if the proposed regional transmission project addresses a transmission need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.

26.2.1.2 The cost used in this calculation will be quantified by the transmission cost within the SERTP region associated with:

[16] 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 N-1, the terms "Impacted Utilities" shall mean: i) the Beneficiaries identified in the evaluation of the proposed transmission project and ii) any entity identified in this Section 26.2.1 to potentially have increased costs on its transmission system located in the SERTP region in order to implement the proposal.

(1) The project proposed for selection in a regional transmission plan for RCAP; and

(2) Any additional projects within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 26.1.

(3) For interregional transmission projects proposed for purposes of cost allocation between the SERTP and a neighboring region(s), the cost used in this calculation will be quantified by the transmission cost of the project multiplied by the allocation of the transmission project's costs (expressed as a fraction) to the SERTP region as specified in the applicable interregional cost allocation procedures, plus the transmission costs of any additional project within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 26.1.

26.2.1.3 If the initial BTC calculation results in a ratio equal to or greater than 1.0, then the Duke Transmission Provider will calculate the estimated change in real power transmission losses on the transmission system(s) of Impacted Utilities located in the SERTP. In that circumstance, an updated BTC ratio will be calculated consistent with Section 26.2. in which:

26.2.1.4 The cost savings associated with a calculated reduction of real power energy losses on the transmission system(s) will be added to the benefit; and

26.2.1.5 The cost increase associated with a calculated increase of real power energy losses on the transmission system(s) will be added to the cost.

26.2.2 The Duke 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. If the Duke Transmission Provider uses a cost estimate different than a detailed cost estimate(s) provided by the transmission developer for use in performing the regional benefit-to-cost ratio, the Duke Transmission Provider will provide a detailed explanation of such difference to the transmission developer.

26.2.3 The cost savings and/or increase associated with real power losses on the transmission system(s) within the SERTP region with the implementation of the proposed regional transmission project will be estimated for each Impacted Utility throughout the ten (10) year transmission planning horizon as follows:

26.2.3.1 The Duke Transmission Provider will utilize power flow models to determine the change in real power losses on the transmission system at estimated average load levels.

(a) If the estimated change in real power transmission losses is less than 1 MW on a given transmission system of an Impacted Utility, no cost savings and/or cost increase for change in real power transmission losses on such system will be assigned to the proposal.

26.2.3.2 The Duke Transmission Provider will estimate the energy savings associated with the change in real power losses utilizing historical or forecasted data that is publicly available (*e.g.*, FERC Form 714).

26.2.4 Within 30 days of the Duke Transmission Provider completing the foregoing regional benefit-to-cost analysis, the Duke Transmission Provider will notify the transmission developer of the results of that analysis. For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule for the following activities specified below, with the schedule to be developed within 90 days of the notification: 1) the transmission developer providing detailed financial terms for its proposed project and 2) the proposed transmission project to be reviewed by the jurisdictional and/or governance authorities of the Impacted Utilities pursuant to Section 26.4 for potential selection in a regional transmission plan for RCAP.[17]

26.3 The Transmission Developer to Provide More Detailed Financial Terms and the Performance of a Detailed Transmission Benefit-to-Cost Analysis:

26.3.1 By the date specified in the schedule established in Section 26.2.4, the transmission developer shall identify the detailed financial terms for its

[17] The schedule established in accordance with Section 26.2.4 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 Duke 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.

proposed project, establishing in detail: (1) the total cost to be allocated to the Beneficiaries if the proposal were to be selected in a regional transmission plan for RCAP, and (2) the components that comprise that cost, such as the costs of:

26.3.1.1 Engineering, procurement, and construction consistent with Good Utility Practice and standards and specifications acceptable to the Duke Transmission Provider,

26.3.1.2 Financing costs, required rates of return, and any and all incentive-based (including performance based) rate treatments,

26.3.1.3 Ongoing operations and maintenance of the proposed transmission project,

26.3.1.4 Provisions for restoration, spare equipment and materials, and emergency repairs, and

26.3.1.5 Any applicable local, state, or federal taxes.

26.3.2 To determine whether the proposed project is considered at that time to remain a more efficient or cost effective alternative, the Duke Transmission Provider will then perform a more detailed 1.25 transmission benefit-to-cost analysis consistent with that performed pursuant to Section 26.2.1. This more detailed transmission benefit-to-cost analysis will be based upon the detailed financial terms[18] provided by the transmission developer, as may be modified by agreement of the transmission developer and Beneficiary(ies), and any additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) as provided by the Impacted Utilities that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power transmission loss impacts.[19] Once the Duke Transmission Provider has determined the outcome of the aforementioned regional benefit-to-cost analysis, the Transmission Provider will notify the transmission developer within 30 days of the outcome.

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[18] The detailed financial terms are to be provided by the date specified in the schedule to be developed by the Impacted Utilities and the transmission developer in accordance with Section 26.2.4.

[19] 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 26.2.1.

26.3.3 To provide for an equitable comparison, the costs of the transmission projects that would be displaced and/or required to be implemented in such a detailed benefit-to-cost analysis will include comparable cost components as provided in the proposed project's detailed financial terms (and vice-versa), as applicable. The cost components of the transmission projects that would be displaced will be provided by the Duke Transmission Provider and/or other Impacted Utilities who would own the displaced transmission project. The cost components of the proposed transmission project and of the transmission projects that would be displaced will be reviewed and scrutinized in a comparable manner in performing the detailed benefit to cost analysis.

26.4 Jurisdictional and/or Governance Authority Review : Should the proposed transmission project be found to satisfy the more detailed benefit-to-cost analysis specified in Section 26.3, the state jurisdictional and/or governance authorities of the Impacted Utilities will be provided an opportunity to review the transmission project proposal and otherwise consult, collaborate, inform, and/or provide recommendations to the Duke Transmission Provider. The recommendations will inform the Duke Transmission Provider's selection decision for purposes of Section 26.5, and such a recommendation and/or selection of a project for inclusion in a regional transmission plan for RCAP shall not prejudice the state jurisdictional and/or governance authority's (authorities') exercise of any and all rights granted to them pursuant to state or Federal law with regard to any project evaluated and/or selected for RCAP that falls within such authority's (authorities') jurisdiction(s).

26.5 **Selection of a Proposed Transmission Project for RCAP:**

26.5.1 The Duke Transmission Provider will select a transmission project (proposed for RCAP) for inclusion in the regional transmission plan for RCAP for the then-current planning cycle if the Duke Transmission Provider determines that the project is a more efficient or cost effective transmission project as compared to other alternatives to reliably address transmission need(s).[20] Factors considered in this determination include:

26.5.1.1 Whether the project meets or exceeds the detailed benefit-to-cost analysis performed pursuant to Section 26.3. Such detailed benefit-to-cost analysis may be reassessed, as

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[20] Being selected for RCAP in the then-current iteration of a regional transmission plan only provides how the costs of the transmission project may be allocated in Commission-approved rates should the project be built. Being selected in a regional transmission plan 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 being selected in a regional transmission plan for RCAP in accordance with the provisions of Sections 25.4, 28, 29, 30 and 31.

appropriate, based upon the then-current Beneficiaries and to otherwise reflect additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power transmission loss impacts;

26.5.1.2 Any recommendation provided by state jurisdictional and/or governance authorities in accordance with Section 26.4 including whether the transmission developer is considered reasonably able to construct the transmission project in the proposed jurisdiction(s);

26.5.1.3 Whether, based on the timing for the identified transmission need(s) and the stages of project development provided by the transmission developer in accordance with Section 25.1 and as otherwise may be updated, the transmission developer is considered to be reasonably able to construct and tie the proposed transmission project into the transmission system by the required in-service date;

26.5.1.4 Whether it is reasonably expected that the Impacted Utilities will be able to construct and tie-in any additional facilities on their systems located within the SERTP region that are necessary to reliably implement the proposed transmission project; and

26.5.1.5 Any updated qualification information regarding the transmission developer's finances or technical expertise, as detailed in Section 23.

The Duke Transmission Provider will post on the Regional Planning Website its determination regarding whether a proposed project will be selected for inclusion in the regional transmission plan for RCAP for that transmission planning cycle. The Duke Transmission Provider will document its determination in sufficient detail for Stakeholders to understand why a particular project was selected or not selected for RCAP and will make this supporting documentation available to the transmission developer or Stakeholders, subject to any applicable confidentiality requirements. For projects selected in the regional transmission plan for purposes of RCAP, the documentation will also include sufficient information regarding the application of the regional cost allocation method to determine the benefits and identify the Beneficiaries of the proposed regional transmission project.

26.5.2 If a regional transmission project is selected in the regional transmission plan for purposes of RCAP, the Duke Transmission Provider will perform analyses to determine whether, throughout the ten (10) year planning horizon, the proposed transmission project could potentially result in reliability impacts to the transmission system(s) of an adjacent neighboring transmission planning region(s). If a potential reliability impact is identified, the Duke Transmission Provider will coordinate with the neighboring planning region on any further evaluation. The costs associated with any required upgrades identified in neighboring planning regions will not be included for RCAP within the SERTP.

27. COST ALLOCATION TO THE BENEFICIARIES:

If a regional transmission project is selected in a regional transmission plan for RCAP in accordance with Section 26.5 and then constructed and placed into service, the Beneficiaries will be allocated the regional transmission project's costs based upon their cost savings calculated in accordance with Section 26.3 and associated with:

27.1 The displacement of one or more of the transmission projects previously included in their ten (10) year transmission expansion plan.

27.2 The displacement of one or more regional transmission projects previously included in the regional transmission plan. More specifically, if a regional transmission project addresses the same transmission need(s) as a transmission project selected in a regional transmission plan for RCAP and displaces the original RCAP project as a more efficient or cost effective alternative, this cost allocation component will be based upon the costs of the original RCAP project that were to be allocated to the Beneficiaries in accordance with the application of the regional cost allocation method to the transmission project being displaced.

27.3 Any alternative transmission project(s) that would be required in lieu of the regional transmission project, if the proposed regional transmission project addresses a transmission need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.

27.4 The reduction of real power transmission losses on their transmission system.

28. ON-GOING EVALUATIONS OF PROPOSED PROJECTS:

28.1 In order to ensure that the Duke 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 remains the more efficient or cost effective alternative, the Duke Transmission Provider will continue to reevaluate the regional transmission plan throughout the then-current planning cycle and in subsequent cycles. This continued reevaluation will assess, in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions, the then-current transmission needs and determine whether transmission projects included in the regional transmission plan (i) continue to be needed and (ii) are more efficient or cost effective as compared to alternatives.

28.1.1 These on-going assessments will include reassessing transmission projects that have been selected in the regional transmission plan for RCAP and any projects that are being considered for potential selection in a regional transmission plan for RCAP.

28.2 Even though a transmission project may have been selected in a regional transmission plan for RCAP in an earlier regional transmission plan, if it is determined that the transmission project is no longer needed and/or it is no longer more efficient or cost effective than alternatives, then the Duke Transmission Provider may notify the transmission developer and remove the proposed project from being selected in a regional transmission plan for RCAP.

28.3 The cost allocation of a regional transmission project selected in a regional transmission plan for RCAP that remains selected in the regional transmission plan for RCAP may be modified in subsequent planning cycles based upon:

28.3.1 The then-current determination of benefits (calculated consistent with Section 26.3),

28.3.2 Cost allocation modifications as mutually agreed by the Beneficiaries, or

28.3.3 Cost modifications, as found acceptable by both the transmission developer and the Beneficiary(ies).

All prudently incurred costs of the regional transmission project will be allocated if the project remains selected in the regional plan for RCAP and is constructed and placed into service.

28.4 The reevaluation of the regional transmission plan will include the reevaluation of a particular transmission project included in the regional transmission plan until it is no longer reasonably feasible to replace the proposed transmission project as a result of the proposed transmission project being in a material stage of construction and/or if 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.

29. DELAY OR ABANDONMENT:

29.1 The transmission developer shall promptly notify the Duke Transmission Provider should any material changes or delays be encountered in the development of a potential transmission project selected in a regional transmission plan for RCAP. As part of the Duke Transmission Provider's on-going transmission planning efforts, the Duke Transmission Provider will assess whether alternative transmission solutions may be required in addition to, or in place of, a potential transmission project selected in a regional transmission plan for RCAP due to the delay in its development or abandonment of the project. The identification and evaluation of potential transmission project alternative solutions may include transmission project alternatives identified by the Duke Transmission Provider to include in the ten year transmission expansion plan. Furthermore, nothing precludes the Duke Transmission Provider from proposing such alternatives for potential selection in a regional transmission plan for RCAP pursuant to Section 25.

29.2 Based upon the alternative transmission projects identified in such on-going transmission planning efforts, the Duke Transmission Provider will evaluate the transmission project alternatives consistent with the regional planning process. The Duke Transmission Provider will remove a delayed project from being selected in a regional transmission plan for RCAP if the project no longer:

29.2.1 Adequately addresses underlying transmission needs by the required transmission need dates; and/or

29.2.2 Remains more efficient or cost effective based upon a reevaluation of the detailed benefit-to-cost calculation. The BTC calculation will factor in any additional transmission solutions required to implement the proposal (*e.g.*, temporary fixes) and will also compare the project to identified transmission project alternatives.

30. MILESTONES OF REQUIRED STEPS NECESSARY TO MAINTAIN STATUS AS BEING SELECTED FOR RCAP:

30.1 Once a regional transmission project is selected in a regional transmission plan for RCAP, the transmission developer must submit a development schedule to the Duke Transmission Provider and the Impacted Utilities that establishes the milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones include (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals. A development schedule will also need to be established for any additional projects by Impacted Utilities that are determined necessary to integrate the transmission projects selected in a regional transmission plan for RCAP. The schedule and milestones must be satisfactory to the Duke Transmission Provider and the Impacted Utilities.

30.2 In addition, the Beneficiaries will also determine and establish the deadline(s) by which the transmission developer must provide security/collateral for the proposed project that has been selected in a regional transmission plan for RCAP to the Beneficiaries or otherwise satisfy requisite creditworthiness requirements. The security/collateral/creditworthiness requirements shall be as described or referenced in Section 31.

30.3 If such critical steps are not met by the specified milestones and then afterwards maintained, then the Duke Transmission Provider may remove the project from being selected in a regional transmission plan for RCAP.

31. CREDIT AND SECURITY REQUIREMENTS TO PROTECT THE BENEFICIARIES AGAINST DELAY OR ABANDONMENT OF A TRANSMISSION PROJECT SELECTED IN A REGIONAL TRANSMISSION PLAN FOR RCAP

31.1 Demonstration of Financial Strength**:** In order for a project to be selected and remain selected in a regional transmission plan for RCAP, the transmission developer must satisfy the following:

31.1.1 Consistent with Sections 23.1 and 25.5.3, the transmission developer for such project or its parent company providing the Beneficiaries with a parent guaranty ("Parent Guarantor") must have and maintain a Credit Rating of BBB- (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies, or the transmission developer must be Unrated and have and maintain a Rating Equivalent of BBB- or better.

31.1.2 In addition to the requirements of Section 31.1.1, the transmission developer must satisfy one of the following by and at all times after the deadline established pursuant to Section 30.2:

31.1.2.1 The transmission developer must (i) have and maintain a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies or (ii) be Unrated and have and maintain a Rating Equivalent of BBB+ or better; or

31.1.2.2 The transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral (as defined in Section 31.4 below) in an amount equal to twenty-five percent (25%) of the total costs of the transmission developer's projects selected in a regional transmission plan for RCAP.

31.2 Limitation of Exposure

31.2.1 Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer satisfying the requirements of Section 31.1.2.1 above if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the transmission developer's Tangible Net Worth if the transmission developer has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the "Cap"). In such event, the transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the transmission developer's Tangible Net Worth. For purposes hereof, "Tangible Net Worth" shall be equal to the relevant entity's total equity minus its intangible assets and also minus its goodwill.

31.2.2 Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer or its affiliates who are satisfying the requirements of Section 31.1.2.2 or 31.2.1 above by providing and maintaining a Developer Parent Guaranty (as defined in Section 31.4 below) if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the Parent Guarantor's Tangible Net Worth if such Parent Guarantor has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the "Guarantor Cap"). In such event, the transmission developer must provide to and maintain with the Beneficiaries an acceptable Irrevocable Letter of Credit in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Guarantor Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the Parent Guarantor's Tangible Net Worth.

31.3 Credit Evaluation/Updates

31.3.1 On at least an annual basis, a transmission developer with a transmission project selected in a regional transmission plan for RCAP will provide the Beneficiaries with an updated, completed application and the updated information described in Section 23.1.

31.3.2 On at least an annual basis, or more often if there is a Material Adverse Change in the financial condition and/or a relevant change in the Tangible Net Worth of the transmission developer or its Parent Guarantor or if there are issues or changes regarding a transmission project, the Beneficiaries may review the Credit Rating and review and update the Rating Equivalent, Cap, Guarantor Cap and Eligible Developer Collateral requirements for said transmission developer. In the event said transmission developer is required to provide additional Eligible Developer Collateral as a result of the Beneficiaries' review/update, the Beneficiaries will notify the transmission developer and such additional Eligible Developer Collateral must be provided within five (5) business days of such notice, all in amount and form approved by the Beneficiaries.

31.4 Eligible Developer Collateral: Acceptable forms of eligible collateral meeting the requirements referenced below and the Beneficiaries' approval (the "Eligible

Developer Collateral") may be either in the form of an irrevocable letter of credit ("Irrevocable Letter of Credit") or parent guaranty issued by a Parent Guarantor who has and maintains a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and does not have or obtain less than any such Credit Rating by any of the Rating Agencies ("Developer Parent Guaranty"). Acceptable forms of Eligible Developer Collateral and related requirements and practices will be posted and updated on the Regional Planning Website and/or provided to the relevant transmission developer directly.

31.4.1 Each Beneficiary shall require an Irrevocable Letter of Credit to be issued to it in a dollar amount equal to the percentage of the costs of a transmission developer's transmission projects allocated or proposed to be allocated to it ("Percentage") multiplied by the aggregate dollar amount of all Irrevocable Letters of Credit constituting or to constitute Eligible Developer Collateral for such transmission projects.

31.4.2 Each Beneficiary shall require a Developer Parent Guaranty to be issued to it in a dollar amount equal to its Percentage multiplied by the aggregate dollar amount of all Developer Parent Guaranties constituting or to constitute Eligible Developer Collateral for such transmission projects.

31.4.2.1 A transmission developer supplying a Developer Parent Guaranty must provide and continue to provide the same information regarding the Parent Guarantor as is required of a transmission developer, including rating information, financial statements and related information, references, litigation information and other disclosures, as applicable.

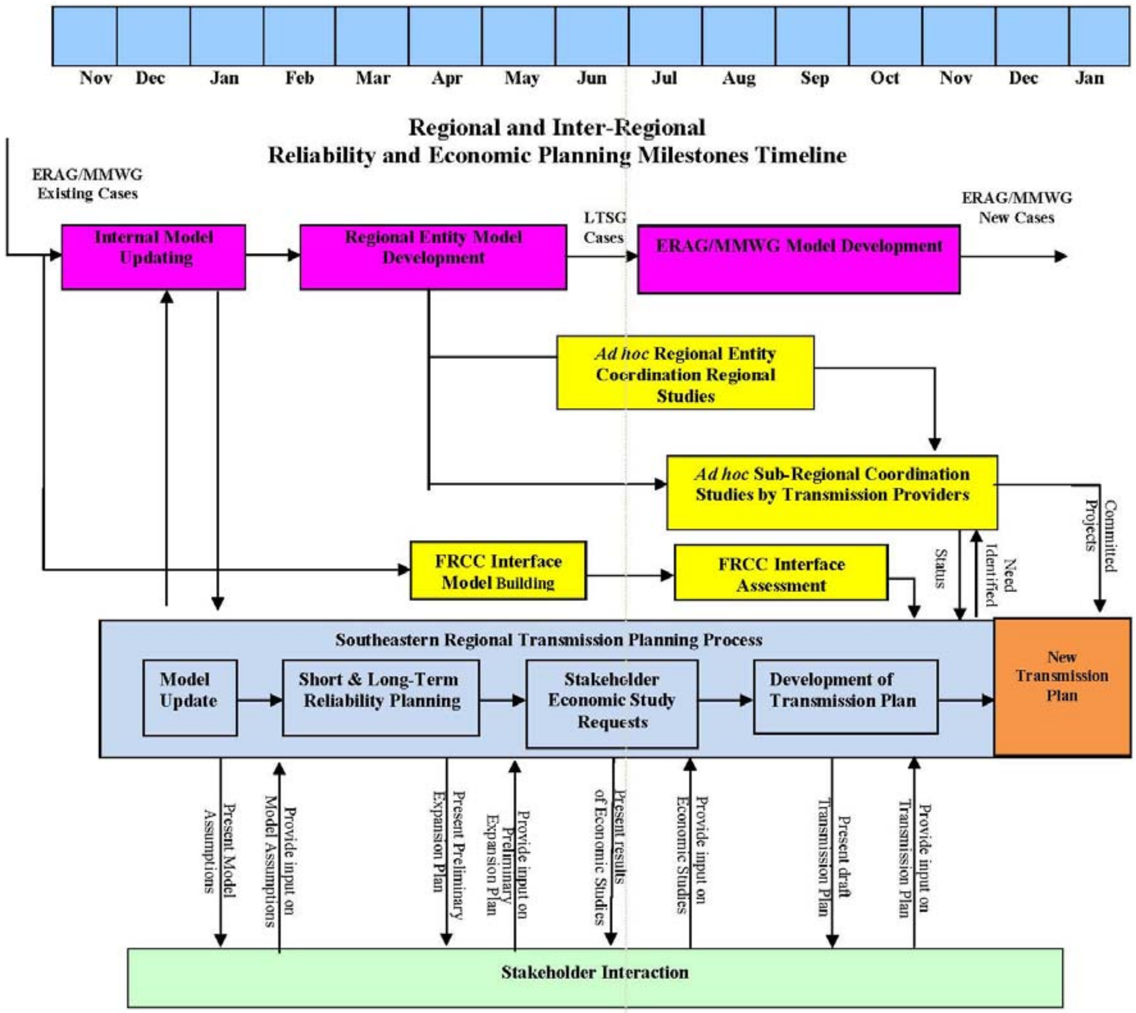
31.4.2.2 All costs associated with obtaining and maintaining Irrevocable Letters of Credit and/or Developer Parent Guaranties and meeting the requirements of this Section 31 are the responsibility of the transmission developer.

31.4.2.3 The Beneficiaries reserve the right to deny, reject, or terminate acceptance and acceptability of any Irrevocable Letter of Credit or any Developer Parent Guaranty as Eligible Developer Collateral at any time for reasonable cause, including the occurrence of a Material Adverse Change or other change in circumstances.

31.5 Cure Periods/Default: If a transmission developer fails to comply with the requirements of this Section 31 and such failure is not cured within ten (10) business days after its initial occurrence, the Beneficiaries may declare such transmission developer to be in default hereunder and/or the Beneficiaries may, without limiting their other rights and remedies, revise the Cap, Guarantor Cap and Eligible Developer Collateral requirements; further, if such failure is not cured within an additional ten (10) business days, the Beneficiaries may, without limiting their other rights and remedies, immediately remove any or all of the transmission developer's projects from consideration for potential selection in the regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

Appendix 1
[Reserved]

Appendix 2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Regional and Inter-Regional
Reliability and Economic Planning Milestones Timeline
ERAG/MMWG Existing Cases
Internal Model Updating
Regional Entity Model Development
LTSG Cases
ERAG/MMWG Model Development
ERAG/MMWG New Cases
Ad hoc Regional Entity Coordination Regional Studies
Ad hoc Sub-Regional Coordination Studies by Transmission Providers
Committed Projects
Status
Need Identified
FRCC Interface Model Building
FRCC Interface Assessment
Southeastern Regional Transmission Planning Process
Model Update
Short & Long-Term Reliability Planning
Stakeholder Economic Study Requests
Development of Transmission Plan
New Transmission Plan
Present Model Assumptions
Provide input on Model Assumptions
Present Preliminary Expansion Plan
Provide input on Preliminary Expansion Plan
Present results of Economic Studies
Provide input on Economic Studies
Present draft Transmission Plan
Provide input on Transmission Plan
Stakeholder Interaction

Appendix 3

Sector Voting Example

The example below illustrates the TAG Sector Voting Process. For purposes of explaining the example, we assume that the General Public (GP) Sector has 10 Individuals present. In addition to the 10 Individuals, there are 17 other TAG Sector Entities present, spread across four TAG Sectors (Cooperative LSEs (Coop LSE); Municipal LSEs (Muni LSE); Investor-Owned LSEs (IOU LSE); and Transmission Customers (TC)). These 17 TAG Sector Entities may each have several TAG participants present but only one may vote in one sector. Each Individual and TAG Sector Entity casts their vote, which vote is then weighted based on the number of persons/entities voting in the TAG Sector of which they are a member. E.g., since there are six Coop LSEs is present, each Coop LSE's vote is worth 1.00/6 or .166 (*see* Columns 4 and 5 for weighted vote). As the final step, the votes are weighted again, based on the number of TAG Sectors present. With five TAG Sectors present, each Sector Yes Vote and Sector No Vote is multiplied by 1.00/5 = .20. The weighted total is reported in columns 6 and 7. In the example, the No votes have won .53 to .47.

Column	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Sector	**No. of Voters**	**Yes Votes**	**No Votes**	**Sector Yes Vote**	**Sector No Vote**	**Weighted Sector Yes**	**Weighted Sector No Vote**
Coop LSE	6	6	0	1.00	0	.20	0
Muni LSE	8	2	6	.25	.75	.05	.15
IOU LSE	2	1	1	.50	.50	.10	.10
TP/TO	0	0	0	0	0	0	0
TCs	1	0	1	0	1.00	0	.20
GICs	0	0	0	0	0	0	0
ECs	0	0	0	0	0	0	0
GP	10	6	4	.60	.40	.12	.08
Total Vote						0.47	0.53