

EAST KENTUCKY POWER COOPERATIVE

FERC ORDER 890

ATTACHMENT K

**For Compliance With the Nine Planning Principles in the Final
Rule**

**REVISED DRAFT
September 14, 2007**

Order 890 Planning Requirements

On February 16, 2007, the Federal Energy Regulatory Commission (FERC) issued Order No. 890. In issuing the Order, the Commission concluded that transmission capacity is being constructed at a much slower rate than the rate of increase in customer demand. FERC has adopted the reforms contained in Order No. 890 to ensure transmission access is provided on a basis that is just, reasonable, and nondiscriminatory. This strawman proposal relates to one area of change – transmission planning. Order 890 mandates transmission providers implement a coordinated, open, transparent, and participatory planning process with its transmission customers and other interested parties.

The FERC identified in Order No. 890 nine planning principles that each transmission provider's planning process must meet. These principles are coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation.

This strawman proposal provides a description of EKPC's present and planned future activities to conform with the nine planning principles identified by the FERC.

Coordination

- The transmission provider must meet with all of its transmission customers and interconnected neighbors to develop a transmission plan on a nondiscriminatory basis
- The transmission provider must provide early and meaningful interaction opportunities for customers and other stakeholders to provide input regarding the transmission planning process and transmission expansion plans. The transmission provider must consider these inputs in its planning process.
- The FERC does not prescribe specific requirements for coordination, such as number of meetings, the scope of the meetings, the notice requirements, the format, etc.

EKPC Compliance with the Coordination Principle

EKPC presently coordinates with neighboring utilities on frequent occasions. These coordination efforts are usually undertaken when either party identifies a need to do so. Furthermore, EKPC has formal processes in place with E.ON U.S. to perform joint planning activities, including quarterly planning meetings to discuss transmission plans. EKPC also participates in regional coordination through its membership in the SERC Reliability Council. EKPC plans to continue these coordination activities.

EKPC also proposes to hold an annual meeting open to its transmission customers, neighboring utilities and RTOs, state regulatory agencies, and other stakeholders. This meeting will provide an opportunity for EKPC to present its transmission expansion plans and to solicit input from the participants regarding modifications and/or additions to the plan. All stakeholders will have the opportunity to provide input during this annual meeting; input in written form can also be submitted throughout the planning cycle. All stakeholder meeting materials, including minutes, and written comments regarding EKPC's expansion plan and planning process will be posted to a Transmission Planning

location on EKPC's OASIS site. Notification of the meeting date, location, and a proposed agenda will be posted at this location at least three months prior. EKPC will coordinate and facilitate the meeting. Stakeholders will be given the opportunity to propose changes and/or additions to the agenda up to two weeks prior to the meeting. Time will also be allocated during the meeting for issues not covered on the agenda to be addressed.

EKPC will post to the Transmission Planning page on its OASIS site and its corporate website the following information:

- Notice of meeting dates, times, locations, and agendas;
- notice procedures and e-mail addresses for points of contact and questions;
- a calendar of meetings and other significant events, such as release of draft reports, final reports, data, etc.;
- a subscription page that allows stakeholders to sign up to an e-mail distribution list to receive meeting notice and other announcements;
- information related to the development of potential projects, or other significant events, and associated planning meetings

EKPC will also use the subscription list to provide correspondence regarding transmission planning studies of interest to stakeholders.

Openness

- The transmission provider's planning process must be open to all affected parties, including but not limited to transmission customers, interconnection customers, state commissions, and other stakeholders.
- The transmission provider must develop mechanisms such as confidentiality agreements and password-protected access to information to manage the release of Critical Energy Infrastructure Information (CEII) into the public domain.

EKPC Compliance with the Openness Principle

All stakeholders, including, but not limited to, EKPC transmission customers, neighboring utilities and RTOs, and state regulatory agencies will be given full opportunity to participate in the EKPC transmission planning process. Planning-related data and analyses will be shared with stakeholders throughout the planning cycle to ensure that adequate opportunities for input are provided throughout the planning process, rather than only at specific, limited points.

EKPC will provide non-confidential information through the annual stakeholder meeting, postings on its public websites, e-mail distribution lists, and other public meetings that may be scheduled as issues warrant.

Confidential information is considered to be information of a plan, specification, procedure, design, or device that is proprietary or a trade secret relating to the present or planned business of EKPC, its transmission customers or customers thereof,

interconnected utilities, or other parties EKPC conducts business with. Any such information should be identified as confidential at the time the data is shared with EKPC or other associated parties. EKPC will treat any such information as confidential as outlined herein. Information not publicly available concerning applications for transmission service, generator interconnections, and merchant transmission will also be considered confidential. Certain information relating to generating units will also be treated as confidential, such as heat rates, production costing, forced outage rate, maintenance schedules, etc., will be considered to be confidential information for competitive reasons. CEII is information concerning proposed or existing critical infrastructure (physical or virtual) that:

1. Relates to the production, generation, transmission, or distribution of energy;
2. Could be useful to a person planning an attack on critical infrastructure;
3. Is exempt from mandatory disclosure under the Freedom of Information Act; and
4. Gives strategic information beyond the location of the critical infrastructure

Examples of CEII are power flow, short-circuit, and stability modeling data, listings of critical contingencies and/or limiting facilities that would jeopardize the integrity of the bulk transmission system, specific information on protective relaying schemes, and/or breaker-duty data.

EKPC is fully compliant with the Commission rules for the management of CEII items. EKPC does not post or disseminate material that is classified as CEII. Any information that is publicly available is not classified as CEII by EKPC.

CEII data filed by EKPC with the FERC as Form No. 715 can be obtained by filing a CEII request to the FERC using the Commission's established procedures. For other CEII information or other commercially-sensitive information that EKPC is requested to provide to a party with a legitimate need, EKPC will require the receiving party to execute a nondisclosure agreement. Under that agreement, the recipient will acknowledge at least the following:

- That the recipient is receiving CEII or commercially-sensitive information.
- That the recipient cannot discuss this information with anyone other than EKPC or another recipient of identical information.
- That the recipient will maintain the information in a secure place.
- That any notes taken on the information that themselves contain confidential information will also be maintained in a secure place.
- That the information will be used only for legitimate purposes.
- That when the recipient no longer needs the information, the recipient will either return the information to EKPC or, with EKPC's prior approval, destroy the recipient's copy of the information and provide EKPC with an affidavit stating that the information has been destroyed.

EKPC reserves the right to request additional acknowledgements in nondisclosure agreements on a case-by-case basis.

Confidentiality provisions will be reviewed to ensure that stakeholders may have access to sufficient planning data to enable the stakeholders an opportunity to perform their own reliability and economic planning studies. This will require that the stakeholders sign the appropriate confidentiality agreements. Confidentiality documents/agreements will be posted on EKPC's Transmission Planning location on the OASIS site. EKPC will create password-protected areas on this OASIS site to protect proprietary information and to prevent disclosure of CEII items into the public domain.

Flow of information from stakeholders to EKPC is also necessary to facilitate an open, collaborative planning process. Similar principles to those outlined above should be utilized by stakeholders as necessary to ensure that this information can be obtained by EKPC in a consistent, timely manner.

Transparency

- The transmission provider is required to disclose data, study methodology, basic criteria, and assumptions that underlie its transmission system plans in written form.
- The transmission provider must make simultaneous disclosures regarding the status of transmission projects to all parties of concern.

EKPC Compliance with the Transparency Principle

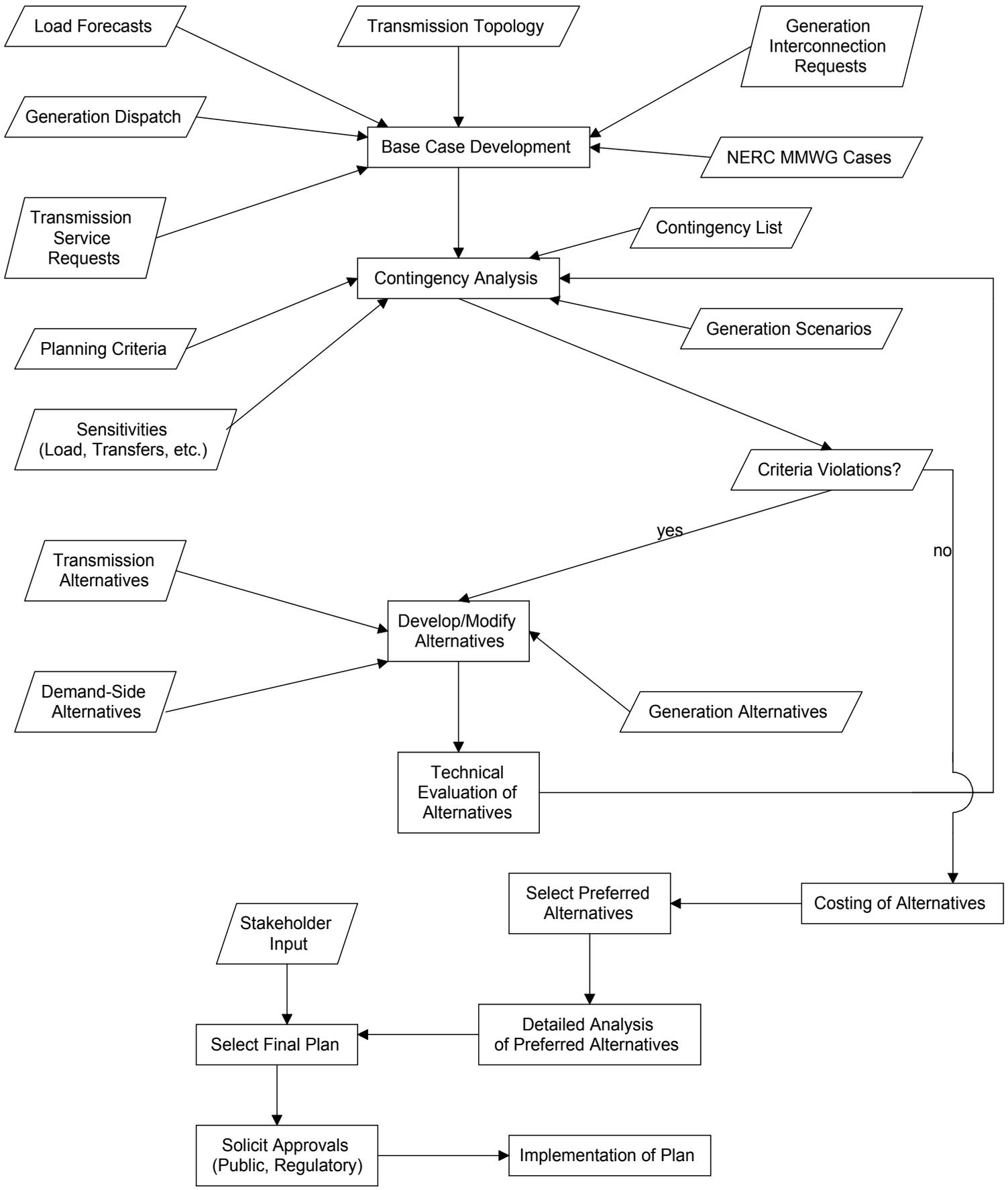
The EKPC planning process is in large part an ongoing, continuous process that accommodates customer requests and issues as necessary. The following are some planning activities that are generally of a recurring nature:

- Development of EKPC power flow, short-circuit, and stability models, including detailed coordination with E-ON U.S. (January-March)
- Planning studies using updated models to develop and revise expansion plan (April-December)
- Participation in SERC model development activities (January-August)
- Coordination with non-SERC interconnected utilities
- Development of EKPC Three-Year Work Plan (Occurs every third year, in 3rd and 4th quarters)
- The annual stakeholder meeting is presently planned for the 4th quarter to allow opportunity for comments and refinement prior to developing the next set of annual models.
- Specific requests by stakeholders should be made in sufficient time to allow incorporation into the set of annual models developed in the 1st quarter.

EKPC will develop an annual transmission expansion plans based upon all EKPC, customer, and regional inputs. This annual plan generally evaluates a planning horizon of approximately ten years, including summer and winter peak seasons for the present year, the following year, a three-to-five year period, and a six-to-ten year period. EKPC also develops a Three-Year Work Plan every third year to identify a very detailed expansion plan for the next three to five years. The next Three-Year Work Plan is scheduled for completion in December 2008. EKPC also periodically develops a Long-Range Work Plan typically covering a twenty-year planning horizon. The next EKPC Long-Range Work Plan is scheduled for development by December 2009.

The following is a flow chart showing EKPC's typical transmission planning process.

EKPC Transmission Planning Process



EKPC's transmission planning methodology is outlined in its Transmission System Planning Guidelines (attached herein). These Guidelines include the criteria used for analysis of the transmission system, including power flow, stability, short-circuit, and voltage collapse analyses. The Guidelines also include the assumptions to be used for these analyses. The assumptions EKPC uses are generally established based upon potential risks, probability of occurrence, actual operating conditions and experience, etc. The Guidelines also reference applicable NERC Reliability Standards (particularly TPL-001 through TPL-004) and SERC reliability requirements. As a member of SERC, EKPC participates in the SERC study groups responsible for regional studies. These studies are used to identify potential transfer limitations within the SERC footprint, including imports and exports involving EKPC.

EKPC's "Procedures and Requirements Documents for Facilities Connecting to the EKPC Transmission System" and "Requirements for Connection of Generation Facilities to the EKPC Transmission System" describe the design requirements for all facilities connecting to the EKPC transmission system. These documents are posted on the Transmission Planning page of the EKPC OASIS site and also on the EKPC corporate website (www.ekpc.com).

Demand-side resources will be considered on a comparable basis to other alternatives. These resources will be evaluated to determine if they can provide the needed functionality and can be relied upon on a long-term basis. If so, these resources will be evaluated along with other alternatives, including economics and effectiveness of performance. The Commonwealth of Kentucky has enacted net-metering legislation, requiring all utilities to offer net metering to customers with solar-electric systems of 15 kW or less. Additional demand-side resources are evaluated on a case-by-case basis.

EKPC uses the following software for its transmission planning analyses:

- General Electric Positive Sequence Load Flow (PSLF), including power flow, dynamic, and short-circuit simulations
- Siemens PTI Power System Simulator for Engineering (PSS/E), including power flow, dynamic, and short-circuit simulations
- V&R Energy Systems Research, Inc. POM-OPM-BOR software package

EKPC develops information regarding transmission and generation resources based on data obtained from actual experience, manufacturer's data, industry utilization, etc. Assumptions regarding demand resources are typically developed from customer information, although analyses can be made with common assumptions accepted in the industry.

Parties interested in obtaining underlying data used in EKPC's transmission planning activities, such as power flow base cases and associated files can access this data from a password-protected portion of the Transmission Planning page on EKPC's OASIS. Data such as power flow models and outputs will be subject to confidentiality agreements being executed. Other data that does not need to be treated as confidential, such as

solution and control options, contingency files, etc., will be posted on the portion of the Transmission Planning page that does not require a password to gain access.

Stakeholders will be given the opportunity to question and discuss the initial assumptions used in EKPC's transmission planning process. This communication can be facilitated through e-mail or other written communication, stakeholder meetings, or other meetings that may be scheduled.

EKPC will provide notification via e-mail to the stakeholder distribution list and also via posting to the Transmission Planning page on the OASIS site when changes or updates are made to EKPC's planning databases, methodologies, criteria, etc.

EKPC will develop a transmission plan briefing paper to summarize the transmission expansion plan in a more understandable manner. This briefing paper will include a description of needs, underlying assumptions, applicable planning criteria, and methodology used to determine the need.

EKPC will post information for its technical point of contact -- to whom interested parties should direct questions regarding transmission planning issues or data -- on the Transmission Planning page of the OASIS site.

EKPC will post the status of transmission expansion projects on the Transmission Planning page of the OASIS site twice annually (by June 1 and January 1). Projects will be identified as either in-service, under construction, planned, proposed, or conceptual.

Stakeholders will be given the opportunity to discuss, question, or propose alternatives for any upgrades identified in EKPC's transmission plan. These opportunities will include a scheduled section of the annual stakeholder meeting, e-mail to EKPC (preferably via the stakeholder distribution list), written comments (which EKPC will broadcast to the stakeholder e-mail distribution list and will also post on the OASIS site), and other meetings that may be scheduled as needed.

Information Exchange

- Network transmission customers must submit projected load and resource information on a comparable basis as that used by transmission providers in planning for native load.
- Point-to-point customers are required to submit projected need for transmission service over the planning horizon
- The transmission provider, in consultation with customers and other stakeholders, must develop information exchange guidelines and schedules for the submittal of transmission planning information.
- Information must be made available at regular intervals and be identified in advance.

EKPC Compliance with the Information Exchange Principle

EKPC presently requires its network customers to annually provide a ten-year forecast of summer and winter load at each delivery point and a ten-year projection of network resources. Network customers should also provide EKPC with information regarding demand response reductions. EKPC will solicit information from point-to-point customers regarding projected long-term utilization of the transmission system, including transmission capacity, duration, and receipt and delivery points. Information regarding planned generator additions or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions will be solicited from stakeholders. Information regarding existing and planned demand resources and their impacts on demand and peak demand will also be requested from stakeholders. The information provided will be included in EKPC's base case models, and therefore the needs of transmission customers will be addressed in the development of the transmission expansion plan.

The information listed above should be submitted by January 1 of each year. This will ensure that the data is available to EKPC at the beginning of its annual planning cycle. Additional information or changes to previously submitted information can be submitted throughout the planning process, and will be incorporated into the planning process as much as possible. EKPC will also provide information to stakeholders throughout the study process regarding issues with projected transmission-system utilization.

A secure FTP site will be established to facilitate the transfer of data. Upon consultation with customers, alternate means of data transfer may be utilized, such as e-mail or written communications.

Comparability

- The transmission provider must develop a transmission plan that (1) meets the specific service requirements of transmission customers and (2) treats similarly situated customers (network and retail/wholesale native load) comparably in the transmission planning process.
- Customer demand resources should be considered on a comparable basis to the service provided by comparable generation resources.

EKPC Compliance with the Comparability Principle

EKPC's planning process is an objective process that evaluates use of the transmission system on an equal basis for all customers. The same criteria and planning processes will be applied to the same types of projects, regardless of customer. EKPC's Transmission and Generation Interconnection queues are processed using a first-come, first-served basis to ensure objectivity and comparability.

Customer demand resources will be considered on a comparable basis with generation resources in the transmission planning process.

The process that has been described in this Attachment K ensures that all stakeholders are provided the opportunity to participate in EKPC's transmission planning process on an equal basis.

Dispute Resolution

- Transmission providers must propose a dispute resolution process. An existing dispute resolution process may be used, but the transmission provider must address how it would work in the transmission planning process.
- The timing of the dispute resolution process should be consistent with the transmission planning process

EKPC Compliance with the Dispute Resolution Principle

The EKPC OATT currently utilizes a two-step dispute resolution process which it intends to apply to disputes arising under Attachment K where the disputing party is not a Transmission Provider. Under the first step, parties have 30 days to settle the dispute through informal negotiation. As a second step, parties have the option of either pursuing binding arbitration, or filing a complaint at FERC. If the parties opt for arbitration, they will follow the procedures set forth in Section 12 of the EKPC OATT.

EKPC proposes to use mediation for those disputes involving regional planning issues and more than one Transmission Provider. EKPC and E.ON currently have in place various transmission planning protocols, including dispute resolution procedures. The parties are required to engage in mediation to resolve planning and related cost allocation disputes. EKPC is in the process of coordinating with other transmission providers in the region for purposes of establishing joint planning protocols and will recommend the continued use of mediation to resolve disputes arising under these regional planning protocols.

Regional Participation

- The transmission provider must coordinate with interconnected systems to (1) share system plans to ensure simultaneous feasibility, (2) maximize use of consistent assumptions and data, and (3) identify system enhancements that relieve congestion or integrate new resources.
- The Transmission Planning proposal must specify the broader region in which it proposes to conduct integrated and coordinated regional planning.
- The transmission provider should consider and accommodate existing institutions, physical characteristics, and historical practices in their planning process.

EKPC Compliance with the Regional Participation Principle

EKPC is a member of the SERC Regional Reliability Organization, and is located within the Central Subregion of SERC, which also includes Big Rivers Electric Corporation, E.ON U.S., and the Tennessee Valley Authority (TVA). EKPC planning personnel participate in the following groups within SERC to ensure regional coordination and participation in the transmission planning process:

- The Engineering Committee (EC)

- The Reliability Review Subcommittee (RRS)
- The Regional Studies Executive Committee (RSEC)
- The Dynamics Study Group (DSG)
- The Long-Term Study Group (LTSG)
- The Near-Term Study Group (NTSG)
- The Short-Circuit Database Working Group (SCDWG)
- The Data Collection Task Force (DCTF)

The Regional Transmission Assessment Study Processes within SERC supplement the Local Transmission Assessment Study Processes utilized by SERC member systems. The purpose of these regional processes is to further augment the reliability of each party's bulk power system through improved coordination of the planning of the bulk electric system.

Member systems within SERC utilize an approach of coupling local transmission assessment activities with facilitated and regional coordinated transmission assessment study processes. Joint study efforts involving two or more parties are utilized as necessary to maintain coordination among systems and along system interfaces. The facilitated and regional coordinated processes may also involve Regional Transmission Organizations (RTOs) participation.

The SERC regional planning processes and their relationship to the local planning processes of the SERC member systems is described in the SERC Reference Document – “Regional Transmission Assessment Study Processes Within SERC.” In general, all members – including EKPC – conduct regional reliability studies within the SERC framework of intra-regional near-term & long-term studies. Member system models are combined into a SERC reliability study model annually. The model is updated as necessary throughout the study process. Also, all members participate in the SERC Dynamic Study Group, which supports regional requirements for underfrequency load shedding and special stability studies. All members also participate in the Short-Circuit Database Working Group, which maintains a regional model to coordinate fault analysis and system protection.

SERC assigns members to conduct inter-regional studies with other RROs through the Eastern Interconnection Reliability Assessment Group (ERAG) agreement. Also, SERC’s designated liaison to the ERAG Multiregional Modeling Working Group (MMWG) updates the Eastern Interconnection study model.

Due to the strongly interconnected nature of the two companies’ systems, EKPC also performs several joint planning studies with E.ON U.S to ensure that consistent data and assumption are used and to work together to identify potential system enhancements useful to both systems. EKPC will also work with the Southwest Power Pool ITO, which is responsible for many of E.ON U.S.’s planning functions.

EKPC is also interconnected with American Electric Power (AEP), Dayton Power & Light, Duke Energy-Ohio, and TVA. EKPC will coordinate plans with these companies and, where applicable, regional entities responsible for their planning (for example, the Midwest ISO and PJM).

EKPC is not a member of an RTO or ITO. EKPC Transmission Planning staff conducts all planning studies, or contracts with a consulting firm to perform these studies on EKPC's behalf.

Economic Planning Studies

- The Transmission Provider must prepare studies identifying “significant and recurring” congestion and post such studies on their OASIS.
- Studies should analyze and report on (1) location and magnitude of congestion, (2) possible remedies for the elimination of congestion, (3) associated costs of congestion, (4) costs associated with relieving congestion.
- Such studies must include the integration of new generation resources or loads on an aggregated or regional basis.
- The planning process must consider both reliability and economic considerations (e.g. whether transmission upgrades or other investments can reduce the overall costs).
- Transmission providers should develop a means to allow the Transmission Provider and stakeholders to cluster requests for economic planning studies so that such studies can be performed in an efficient manner.
- Requests for economic planning studies, and responses to those requests, must be posted on OASIS. The transmission provider must coordinate with interconnected systems to (1) share system plans to ensure simultaneous feasibility, (2) maximize use of consistent assumptions and data, and (3) identify system enhancements that relieve congestion or integrate new resources.

EKPC Compliance with the Economic Planning Studies Principle

EKPC will perform economic planning studies related to transmission congestion issues either within EKPC or between EKPC and other control areas, and/or integration of new resources or loads on an aggregated basis. These studies will be performed on behalf of all stakeholders, not just native load customers. EKPC will strive to combine reliability and economic studies whenever feasible to improve efficiency and lower costs. That is, economic benefits related to transmission congestion, integration of new transmission users, etc., will be considered when addressing reliability issues and vice versa. When comparing alternatives, a holistic view of the benefits from both perspectives will be taken to identify the optimal plan.

EKPC will compile data identifying congested facilities/areas of its transmission system. Economic planning studies will be conducted for any facility on which Transmission

Loading Relief (TLR) procedures have been implemented on at least 5 separate occasions or for at least 120 hours in a calendar year.

EKPC requests that by January 1 of each year stakeholders submit requests for economic planning studies via e-mail or written communication. EKPC will post requests for economic planning studies, as well as the responses to the requests, on the EKPC OASIS site, subject to confidentiality requirements. Requests for economic planning studies will not require submission of a specific request for transmission service or interconnection service. EKPC will solicit input from all stakeholders via stakeholder meetings and/or e-mail subscription lists regarding the prioritization of economic planning study requests. EKPC will use this feedback to identify the two studies that the stakeholders indicate have the highest priority. This determination will be completed by the end of March of each year. Where possible, EKPC will attempt to cluster similar requests into a single study to address as many issues as possible in an efficient manner. Also, where stakeholder input indicates that specific sensitivity analyses are of interest, these will be addressed as part of the two highest-priority studies. These studies will be conducted and the costs will be recovered as part of the overall pro forma OATT cost of service at such time as EKPC develops an updated rate for transmission service. These studies will be completed as part of the development of the annual transmission expansion plan. Therefore, they will be completed by the end of the third quarter of each year.

Additional economic planning studies, including sensitivity analyses, will be conducted for specific stakeholder requests if the stakeholder(s) making a request are willing to reimburse EKPC for the actual cost of each study. These studies will be addressed as requests are made. It is expected that these additional economic planning studies will take approximately six months to complete.

Parties requesting economic studies may be asked to provide necessary data for the study. This data may include generator modeling data and expected transaction patterns. Depending on confidentiality considerations, use of more generic industry data may be deemed acceptable.

The economic planning process described herein will be assessed as it is utilized and discussed with stakeholders to look for enhancements and improvements that may be beneficial to all stakeholders.

Cost Allocation

- For projects that do not fit under the cost allocation structure in the existing *pro forma* OATT, such as regional projects involving several transmission owners or economic projects, transmission providers are required to address the allocation of costs for new facilities in its planning process.
- The proposal should identify the types of new projects not covered under existing cost allocation rules.

- FERC is not prescribing specific cost allocation methods, but will consider (1) whether a cost allocation proposal fairly allocates costs among participants, (2) whether the cost allocation proposal provides incentives to construct new transmission, and (3) whether the proposal is supported by state authorities and participants across the region.

EKPC Compliance with the Cost Allocation Principle

Costs of new network upgrades are recovered through EKPC's rates for transmission service identified in the OATT. Costs that benefit a single customer are deemed to be directly assignable to that customer.

Cost allocation of other projects that do not fit under existing rate structures (such as regional projects involving several transmission owners, projects that are identified through economic planning studies, or projects identified for aggregated resources or loads) will be allocated to the customer or customers requesting a project.

When multiple parties request implementation of a project, the costs associated with the project will be shared equally among all requesting parties.

When a project is requested that is an acceleration and/or modification of a project already planned for implementation within the planning horizon, the requesting party (or parties) will pay the incremental costs. Therefore, if a party requests that a project be accelerated, that party would be responsible for the costs of the acceleration (in terms of the present value difference). If a party requests an enhancement of a project that is already scheduled for implementation, the party would be responsible for the incremental cost due to the enhancement.

If a party requests implementation of a particular project, and EKPC elects to enhance the project, the requesting party would be responsible for the costs of the project at the level requested for that party's needs; EKPC would be responsible for the incremental cost due to the enhancement. Similarly, if another party requests an enhancement to a project already requested, the party requesting the enhancement would be responsible for the incremental cost due to the enhancement.

In applying these cost allocation principles, EKPC will identify benefits that a requested project may provide to EKPC, such as deferral of other transmission projects or a reduction in energy losses. The costs assigned to the requesting party will be a net value, recognizing the value of any such benefits.

The Dispute Resolution process described herein will be followed when agreement cannot be reached regarding the determination and assignment of cost responsibility.

These principles are consistent with the methodology EKPC uses for allocating project costs to native load customers.

RECOVERY OF PLANNING COSTS

The Commission's Final Order recognized the importance of cost recovery for planning activities, specifically addressing that issue after discussing the nine principles that govern the planning process. Transmission Providers were directed to work with other participants in the planning process to develop their cost-recovery proposals in order to determine whether all relevant parties, including state agencies, have the ability to recover the costs of participating in the planning process. The Commission also suggested that Transmission Providers consider whether mechanisms for regional cost recovery may be appropriate, such as through agreements (formal or informal) to incur and allocate costs jointly.

EKPC Proposal for Recovery of Planning Costs

EKPC's planning costs will be recovered as part of the overall OATT cost of service at such time as EKPC develops an updated rate for transmission service. Also, as mentioned in the discussion of the Economic Planning Studies principle, parties requesting an economic planning study above and beyond the two annual high-priority studies will be responsible for all study costs.

EKPC does not currently propose to include a mechanism to allow parties to recover the costs of participating in EKPC's transmission planning process.