

1

**ATTACHMENT K**

2

**Transmission Planning Process**

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Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, 119 FERC ¶61,037 (2007).

1 Transmission Provider plans for the existing and future requirements of all  
2 customers of Transmission Provider's transmission system in a coordinated,  
3 open, comparable, non-discriminatory and transparent manner both at the local  
4 and regional level. The Transmission Planning Process described herein  
5 includes Transmission Service for Transmission Provider's Native Load  
6 Customers, Network Customers, Firm Point-to-Point Transmission Customers,  
7 and Generator Interconnection Service for Interconnection Customers. The  
8 Transmission Planning Process is intended to provide transmission customers  
9 the opportunity to interact with the transmission planning personnel of the  
10 Transmission Provider in order for transmission customers to provide timely and  
11 meaningful input into the development of the transmission plan. Transmission  
12 Provider's Transmission Planning Process works in conjunction with and is an  
13 integral part of the Florida Reliability Coordinating Council's ("FRCC") Regional  
14 Transmission Planning Process  
15 [https://www.frcc.com/Planning/Shared%20Documents/FRCC\\_Regional Transmi](https://www.frcc.com/Planning/Shared%20Documents/FRCC_Regional_Transmission_Planning_Process.pdf)  
16 [ssion\\_Planning\\_Process.pdf](https://www.frcc.com/Planning/Shared%20Documents/FRCC_Regional_Transmission_Planning_Process.pdf) which facilitates coordinated planning by all  
17 transmission providers, owners and stakeholders within the FRCC Region. The  
18 FRCC is one of the North American Electric Reliability Corporation ("NERC")  
19 Regional Reliability Organizations, with responsibility for maintaining grid  
20 reliability in Peninsular Florida, east of the Apalachicola River. This region is  
21 electrically unique because it is a peninsula and is tied to the Eastern  
22 Interconnection only on one side. FRCC's members include investor owned

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1 utilities, cooperative utilities, municipal utilities, a federal power agency, power  
2 marketers, and independent power producers. The FRCC Board of Directors  
3 has the responsibility to ensure that the FRCC Regional Transmission Planning  
4 Process is fully implemented. The FRCC Planning Committee, which includes  
5 representation by all FRCC members, directs the FRCC Transmission Working  
6 Group, in conjunction with the FRCC Staff, to conduct the necessary studies to  
7 fully implement the FRCC Regional Transmission Planning Process. The  
8 descriptions of the FRCC Regional Transmission Planning Process set forth  
9 herein summarize the elements of that process as they relate to Transmission  
10 Provider and the principles of the Final Rule in Docket No. RM05-25-000.  
11 The Florida Public Service Commission ("FPSC") is an integral part of the  
12 planning process by providing input, guidance, regulatory oversight and decision-  
13 making under this process. Additionally, the FPSC conducts workshops on an  
14 annual basis to review the transmission and generation expansion plans for  
15 Florida. The FPSC, under Florida law, has the authority to ensure an adequate  
16 and reliable electric system for Florida.  
17 As set forth below, Transmission Provider's Transmission Planning Process is a  
18 seamless process that fully integrates both the local and regional transmission  
19 planning and is designed to satisfy the following principles, as defined in the  
20 FERC Final Rule in Docket No. RM05-25-000: (1) coordination, (2) openness,  
21 (3) transparency, (4) information exchange, (5) comparability, (6) dispute  
22 resolution, (7) regional coordination, (8) economic planning studies, and (9) cost

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1 allocation for new projects. Descriptions of the FRCC Regional Transmission  
2 Planning Process are contained herein as they relate to Transmission Provider's  
3 Transmission Planning Process.

4

5 **Section I. Coordination**

6 1.1 Transmission Provider consults and interacts directly with its  
7 customers in providing transmission service and generator interconnection  
8 service as well as with its neighboring transmission providers, on a regular  
9 basis. A transmission customer may request and/or schedule a meeting  
10 with Transmission Provider to discuss any issue related to the provision of  
11 transmission service at any time. Transmission Provider consults and  
12 interacts with its customers any time during the study process that either  
13 the transmission customer or the Transmission Provider deem necessary  
14 and/or at various stages of the planning process (e.g., Scoping Meeting,  
15 Feasibility, System Impact and Facilities Studies). An open dialogue  
16 between the transmission customer and the Transmission Provider takes  
17 place regarding customer needs. This interaction and dialogue between  
18 the customer and Transmission Provider are further described under the  
19 Local Transmission Network Planning Process as set forth in Appendix 1  
20 to this Attachment K. Topics such as load growth projections, planned  
21 generation resource additions/deletions, new delivery points and possible  
22 transmission alternatives are discussed. This dialogue is intended to

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1 provide timely and meaningful input and participation of customers during  
2 the early stages of development of the transmission plan. Additionally, the  
3 transmission customer shall have an opportunity to comment at any time  
4 during the evaluation process and/or when study findings (Feasibility,  
5 System Impact and Facilities Studies) are communicated by the  
6 Transmission Provider to the customer. Transmission Provider  
7 communicates with its neighboring transmission providers on a regular  
8 basis, and Transmission Provider facilitates communication and  
9 consultation between its customers and its neighboring transmission  
10 service providers/owners, specifically, if during the transmission service  
11 study process, a neighboring system's facilities are identified as being  
12 affected. This coordination process continues in a seamless manner at  
13 the local as well as the regional level, leading to each Transmission  
14 Provider providing an initial transmission plan which, when consolidated,  
15 becomes the initial regional transmission plan. The initial transmission  
16 plan submitted to the FRCC by the Transmission Provider results from the  
17 Local Transmission Network Planning Process as set forth in Appendix 1  
18 to this Attachment K. This initial transmission plan is reviewed by the  
19 FRCC as well as all interested transmission customers/users. The  
20 Transmission Provider relies on the FRCC Committee process to finalize  
21 its initial transmission plan as submitted to the FRCC. In addition to  
22 transmission customers/users being provided timely and meaningful input

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1 and participation during the planning process with the Transmission  
2 Provider, the transmission customers/users are also given an additional  
3 opportunity to raise any issues, concerns or minority opinions that they  
4 believe have not been adequately addressed by any Transmission  
5 Providers' initial transmission plan submittal during the FRCC review  
6 process. This FRCC review process normally commences shortly after  
7 the submittal of the Ten Year Site Plans to the FPSC on April 1 of each  
8 year. Once issues raised by interested stakeholders are addressed, the  
9 Planning Committee approves the proposed regional transmission plan  
10 and presents it to the FRCC Board for approval. Upon approval by the  
11 Board, which is expected in December of each year, the FRCC sends the  
12 final regional transmission plan to the FPSC. Unresolved issues may be  
13 referred to the FRCC Dispute Resolution Process as described below.

14 1.2 The FRCC Regional Transmission Planning Process is intended to  
15 ensure the long-term reliability and economic needs of the bulk power  
16 system in the FRCC Region.<sup>1</sup> An objective of the FRCC Regional  
17 Transmission Planning Process is to ensure coordination of the  
18 transmission planning activities within the FRCC Region in order to  
19 provide for the development of a reliable and economically robust

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<sup>1</sup> Nothing in the FRCC Regional Transmission Planning Process is intended to limit or override rights or obligations of transmission providers, owners and/or transmission customers/users contained in any rate schedules, tariffs or binding regulatory orders issued by applicable federal, state or local agencies. In the event that a conflict arises between the FRCC process and the rights and obligations included in those rate schedules, tariffs or regulatory orders, and the conflict cannot be mutually resolved among the appropriate transmission providers, owners, or customers/users, any affected party may seek a resolution from the appropriate regulatory agencies or judicial bodies having jurisdiction.

1 transmission network in the FRCC Region. The process is intended to  
2 develop a regional transmission plan to meet the existing and future  
3 requirements of all customers/users, providers, owners, and operators of  
4 the transmission system in a coordinated, open and transparent manner.  
5 The FRCC obtains and posts transmission owners' 10-year expansion  
6 plans on the FRCC web site. All transmission providers/owners provide  
7 their long-term firm transmission service requests and generator  
8 interconnection service requests to the FRCC in a common format. The  
9 FRCC consolidates all requests for coordination purposes, and posts the  
10 consolidated requests available for viewing by all FRCC members.

11 1.2.1 This coordinated FRCC Regional Transmission Planning  
12 Process offers many opportunities for transmission providers to  
13 interact with customers and neighboring systems during the  
14 development of the transmission plan. The schedule of committee  
15 and working group meetings related to transmission planning is  
16 posted on the FRCC website  
17 ([https://www.frcc.com/calendar\\_main.aspx](https://www.frcc.com/calendar_main.aspx))  
18 FRCC meeting notices, meeting minutes and documents of FRCC  
19 Planning Committee and/or FRCC Board meetings in which  
20 transmission plans or related study results are exchanged,  
21 discussed or presented, are distributed by the FRCC. Detailed  
22 evaluation and analysis of the transmission providers/owners plans

1                   are conducted by the FRCC Transmission Working Group (“TWG”)  
2                   and Stability Working Group (“SWG”) in concert with the FRCC  
3                   Staff. The TWG and SWG are further described below.

4           1.3    A general scope of the Planning Committee and the respective  
5           working groups related to transmission planning is described below. The  
6           scope of these committees is subject to change in the future in order to  
7           address evolving needs. The members of the Planning Committee and  
8           the working groups related to transmission planning are posted on the  
9           FRCC website (<https://www.frcc.com/committees.aspx>). Contact with the  
10          Planning Committee and transmission working groups can be made  
11          through FRCC staff or through the chair of the respective committee or  
12          working group.

13                1.3.1 The Planning Committee promotes the reliability of the Bulk  
14                Power System in the FRCC, and assesses and encourages  
15                generation and transmission adequacy. The Planning Committee  
16                reports to the Board of Directors. Rules and procedures governing  
17                the Planning Committee are posted on the FRCC website  
18                ([https://www.frcc.com/Documents/Rules\\_of\\_Procedure\\_for\\_FRCC](https://www.frcc.com/Documents/Rules_of_Procedure_for_FRCC_Standing_Committees.pdf)  
19                [Standing\\_Committees.pdf](https://www.frcc.com/Documents/Rules_of_Procedure_for_FRCC_Standing_Committees.pdf)). Working Groups related to  
20                transmission planning reporting to the Planning Committee are  
21                described below.

1           1.3.2 The Transmission Working Group engages in active  
2           coordination of transmission planning within the FRCC Region  
3           under the direction of the FRCC Planning Committee, and performs  
4           the duties as required by the FRCC Regional Transmission  
5           Planning Process. Some of the responsibilities and objectives of  
6           the Transmission Working Group are: 1) Maintain, update and  
7           provide summer and winter database cases for the FRCC including  
8           the bulk power transmission and generation systems, projected  
9           loads and any facility additions for an eleven year period; 2) Put  
10          together the FERC Form 715 filing and EIA-411 for FRCC  
11          members, prepare State of Florida electrical maps, etc.  
12          1.3.3 The Stability Working Group engages in the active  
13          coordination of transmission planning in the FRCC Region,  
14          assesses stability of the FRCC bulk electric system under various  
15          conditions, and provides support to the other FRCC working groups  
16          as needed. Some of the responsibilities and objectives of the  
17          Stability Working Group are: 1) Maintain and update a dynamic  
18          data base for the FRCC Region; this data base is coordinated with  
19          selected FRCC planning horizon power flow cases as required by  
20          NERC Multi-regional Modeling Working Group and other FRCC  
21          study needs; 2) Assess dynamic performance of the FRCC bulk  
22          power system in response to Category B, C and D contingencies

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1           which includes special protection systems, under frequency load  
2           shedding programs, oscillatory stability, disturbances involving  
3           separation, etc.

4

5   **Section 2   Openness**

6           2.1   Transmission Provider provides notice and schedules meetings  
7           with its transmission customers as deemed necessary by the transmission  
8           customer and/or Transmission Provider. Transmission Provider  
9           schedules meetings with its customers to interact, exchange perspectives  
10          or share findings from studies. Transmission Provider communicates and  
11          interacts with its transmission service customers on a regular basis to  
12          discuss loads, generation/network resource additions/deletions, new  
13          facility additions and upgrades, demand resource information, customer's  
14          projections of future needs, and related subjects that have an impact on  
15          the provision of transmission service to a customer. Transmission  
16          Provider provides a status update to its customers on a regular basis or at  
17          any time, if requested by a customer. Additionally, Appendix 1 to this  
18          Attachment K describes the customer and Transmission Provider  
19          interaction in the flow diagram and outlines the steps of the Local  
20          Transmission Network Planning Process.

21          2.2   This openness principle is also incorporated in the FRCC Regional

1 Transmission Planning Process by which the Transmission Provider  
2 participates in along with other parties in the committee and working  
3 processes at the FRCC as described below. The participants in the  
4 planning process at the FRCC are the sector representative of the  
5 Planning Committee. A list of representatives may be found on the FRCC  
6 website under FRCC Planning Committee Member list  
7 ([https://www.frcc.com/PC/Shared%20Documents/PC%20Members-](https://www.frcc.com/PC/Shared%20Documents/PC%20Members-2007.pdf)  
8 [2007.pdf](https://www.frcc.com/PC/Shared%20Documents/PC%20Members-2007.pdf)). The rules governing Planning Committee structure and  
9 processes as they relate to Organization Structure, Standing Committee  
10 Representation, Standing Committee Quorum and Voting, Duties of  
11 Officers and Representatives, General Procedures for Standing  
12 Committees, FRCC Representation on NERC Committees, Procedures of  
13 Minutes of Meetings and Conduct of the Meeting are set forth on the  
14 FRCC website  
15 ([https://www.frcc.com/Documents/Rules\\_of\\_Procedure\\_for\\_FRCC\\_Standi](https://www.frcc.com/Documents/Rules_of_Procedure_for_FRCC_Standi)  
16 [ng\\_Committees.pdf](https://www.frcc.com/Documents/Rules_of_Procedure_for_FRCC_Standi)).

17 2.2.1 The FRCC meeting dates  
18 ([https://www.frcc.com/calendar\\_main.aspx](https://www.frcc.com/calendar_main.aspx)) and the chairs and  
19 member representatives for the various committees are posted on  
20 the FRCC website (<https://www.frcc.com/committees.aspx>). The  
21 meeting agenda for the Planning Committee is normally provided  
22 two weeks prior to the meeting to the committee members.

1 FRCC meeting notices, meeting minutes and documents of FRCC  
2 Planning Committee and/or FRCC Board meetings in which  
3 transmission plans or related study results will be exchanged,  
4 discussed or presented, are distributed by the FRCC.

5 2.2.2 The FRCC developed FERC Standards of Conduct  
6 Protocols for the purpose of ensuring proper disclosure of  
7 transmission information in accordance with FERC requirements.  
8 The primary rule is that a transmission provider must treat all  
9 transmission customers, affiliated and non-affiliated on a non-  
10 discriminatory basis, and it cannot operate its transmission system  
11 to give a preference to any transmission customer or to share non-  
12 public transmission or customer information with any transmission  
13 customer. The rules also prevent transmission function employees  
14 from sharing with their merchant employees and certain affiliates  
15 non-public transmission information about the transmission  
16 provider's transmission system or any other transmission system,  
17 which is information that the affiliated merchant employee receiving  
18 the information could use to commercial advantage. The full  
19 document that describes the FRCC developed FERC Standards of  
20 Conduct Protocols is posted on the FRCC website  
21 (<https://www.frcc.com/Planning/Shared%20Documents/Standards>  
22 [of\\_Conduct\\_Protocols.pdf](#)).

1           2.3    Customer input is included in the early stages of the development  
2           of the transmission plans, as well as during and after plan evaluation  
3           processes. Detailed evaluation and analysis of the transmission  
4           providers/owners plans are conducted by the FRCC Transmission  
5           Working Group and Stability Working Groups under the direction of the  
6           Planning Committee. Such evaluation and analysis provides the basis for  
7           possible changes to the transmission providers/owners plans that could  
8           result in a more reliable and more robust transmission system for the  
9           FRCC Region. The FRCC Planning Committee meets on a regular basis,  
10          usually monthly, with two weeks' prior notice.

11          2.4    The FRCC conducts the FRCC planning process in an open  
12          manner in such a way that it ensures fair treatment for all  
13          customers/users, owners and operators of the transmission system.  
14          Stakeholders have access to and participate in the FRCC planning  
15          process. The committees and working groups described in this document  
16          are stakeholder groups. The Planning Committee consists of six  
17          stakeholder sectors: Suppliers, Non-Investor Owned Utility Wholesalers,  
18          Load Serving Entities, Generating Load Serving Entities, Investor Owned  
19          Utilities, and General. The rules of procedure governing the Planning  
20          Committee in conducting the FRCC Regional Transmission Planning  
21          Process are posted on the FRCC website  
22          ([https://www.frcc.com/Documents/Rules\\_of\\_Procedure\\_for\\_FRCC\\_Standi](https://www.frcc.com/Documents/Rules_of_Procedure_for_FRCC_Standi))

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1 ng Committees.pdf). The FPSC is encouraged to and does participate in  
2 the FRCC Regional Transmission Planning Process.

3 2.5 The FRCC Regional Transmission Planning Process provides for  
4 the overall protection of all confidential and proprietary information that is  
5 used to support the planning process. A customer/user may enter into a  
6 confidentiality agreement with the FRCC and/or applicable transmission  
7 provider/owner, as appropriate, to be eligible to receive transmission  
8 information that is restricted due to Critical Energy Infrastructure  
9 Information ("CEII"), security, business rules and standards and/or other  
10 limitations. The procedure for requesting this type of information is  
11 delineated at the FRCC website  
12 ([https://www.frcc.com/Planning/Shared%20Documents/Transmission\\_Info](https://www.frcc.com/Planning/Shared%20Documents/Transmission_Info_Release_Procedure_and_Forms.pdf)  
13 [Release\\_Procedure\\_and\\_Forms.pdf](https://www.frcc.com/Planning/Shared%20Documents/Transmission_Info_Release_Procedure_and_Forms.pdf)).

14

### 15 **Section 3 Transparency**

16 3.1 Transmission Provider plans its transmission system in accordance  
17 with the NERC and FRCC Planning Reliability Standards, along with  
18 Transmission Provider's own design, planning and operating criteria which  
19 it utilizes for all customers on a comparable and non-discriminatory basis.  
20 These standards/criteria are also referred to in the Transmission  
21 Provider's FERC Form 715. In addition, Transmission Provider makes  
22 available Facility Connection Requirements, Capacity Benefit Margin

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1 ("CBM") Methodology and other pertinent information used in the  
2 transmission planning process and posts this information on the  
3 Transmission Provider's OASIS website.

4 3.2 During the Transmission Provider's local area planning process the  
5 Transmission Provider utilizes the FRCC databanks which contain  
6 information provided by the Transmission Provider and customers of  
7 projected loads as well as all planned and committed transmission and  
8 generation projects, including upgrades, new facilities and changes to  
9 planned-in-service dates over the planning horizon, as the base case for  
10 Transmission Provider's studies. Transmission Provider makes available  
11 to a transmission service customer the underlying data, assumptions,  
12 criteria and underlying transmission plans utilized in the study process.  
13 Transmission Provider provides written descriptions of the basic  
14 methodology, criteria and processes used to develop plans. In order to  
15 get a better understanding, a transmission customer may inquire about the  
16 assumptions, data and/or underlying methods, criteria, etc. and the  
17 customer will be provided a response by the Transmission Provider's  
18 qualified technical representative. Dialogue during the study process is  
19 encouraged. The dialogue during the Transmission Providers local area  
20 planning process between the Transmission Provider and customers  
21 involves discussions of the initial findings that affect customers, potential  
22 alternatives including feasibility of mitigating any adverse findings, and

1 third party impacts. Discussion of initial findings in areas of the system  
2 that affect customers is intended to communicate and validate with the  
3 customer issues or concerns identified by the Transmission Provider or  
4 conversely, issues not specifically identified by the Transmission Provider  
5 that may be of concern to the customers. As part of the process of  
6 identifying potential alternatives to mitigate any adverse issue or concern,  
7 the dialogue with the customer should facilitate the identification of the  
8 most effective solution. This dialogue during the different stages of the  
9 planning process provides for meaningful input and participation of  
10 transmission customers in the development of the transmission plan. The  
11 goal of this interaction between the Transmission Provider and customers  
12 is to develop a transmission expansion plan that meets the needs of the  
13 Transmission Provider and customer in a reliable cost effective manner.  
14 This planning process between the Transmission Provider and customers  
15 is described in the process flow diagram below and in the more detailed  
16 description of the Local Transmission Network Planning Process as set  
17 forth in Appendix 1 to this Attachment K.

18 3.3 An overview of the Transmission Provider's local area planning  
19 process and how it relates to the FRCC Regional Transmission Planning  
20 Process is shown in the flow chart below:

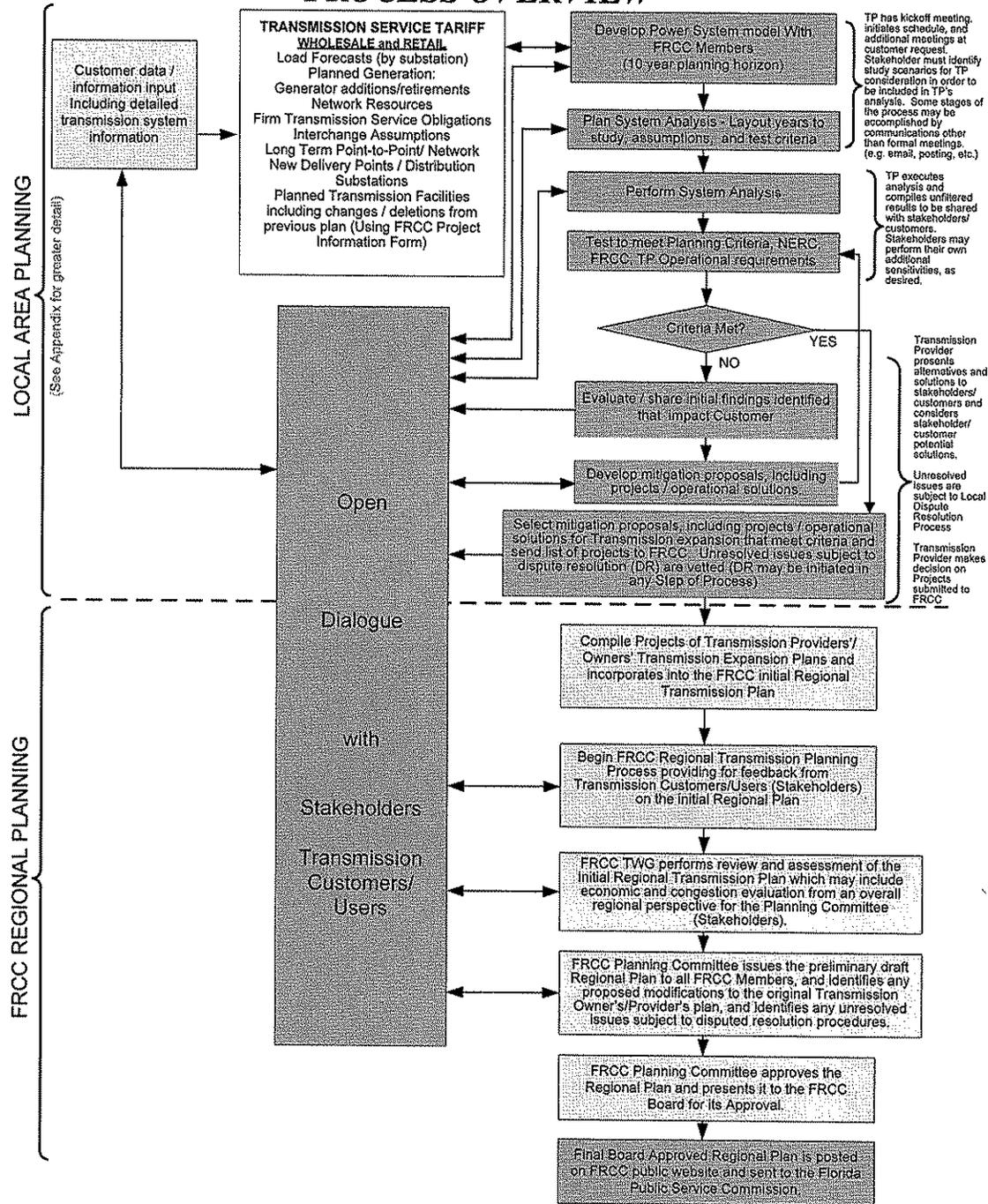
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## **TRANSMISSION PROVIDER's (TP) LOCAL / REGIONAL COORDINATED TRANSMISSION NETWORK PLANNING PROCESS OVERVIEW**



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3.4 Once the results of the Transmission Provider's local area planning process are reflected in the FRCC Regional Transmission Planning Process, the FRCC seeks input and feedback from transmission customers/users for any issues or concerns that are identified and independently assesses the initial Regional Plan from a FRCC regional perspective. A dialogue among the FRCC, transmission customers/users, and transmission owners/providers occurs to address any issues identified during this process. When the FRCC Regional Transmission Plan has been approved by the FRCC Planning Committee, it is sent to the FRCC Board for approval. After the FRCC Board approves the FRCC Regional Transmission Plan, it is posted on the FRCC website and sent to the FPSC. Additionally, the FRCC compiles all of the individual transmission providers/owners FERC Form 715's within the FRCC region, including Transmission Provider's, and files all FERC Form 715's for its members with the FERC on an annual basis.

3.5 Studies conducted pursuant to the FRCC Regional Transmission Planning Process utilize the applicable reliability standards and criteria of the FRCC and NERC that apply to the Bulk Power System as defined by NERC. Such studies also utilize the specific design, operating and planning criteria used by FRCC transmission providers/owners. The transmission planning criteria are available to all customers and

1 stakeholders. Transmission planning assumptions, transmission  
2 projects/upgrades and project descriptions, scheduled in-service dates for  
3 transmission projects and the project status of upgrades will be available  
4 to all customers through the FRCC periodic project update process. The  
5 FRCC updates and distributes transmission projects/upgrades project  
6 descriptions, schedule in-service dates, and project status on a regular  
7 basis, no less than quarterly. The FRCC also updates and distributes on  
8 a periodic basis the load flow data base. The FRCC publishes the  
9 individual transmission providers' system impact study schedules so that  
10 other potentially impacted transmission owners can assess whether they  
11 are affected and elect to participate in the study analysis. The FRCC  
12 planning studies are also distributed by the FRCC and updated as  
13 needed.

14 3.6 The FRCC also produces the following annual reports which are  
15 submitted to the FPSC:

- 16 • The *Regional Load and Resource Plan* contains aggregate data on  
17 demand and energy, capacity and reserves, and proposed new  
18 generating unit and transmission line additions for Peninsular Florida  
19 as well as statewide.
- 20 • The *Reliability Assessment* is an aggregate study of generating unit  
21 availability, forced outage rates, load forecast methodologies, and gas  
22 pipeline availability.
- 23 • The *Long Range Transmission Reliability Study* is an assessment of  
24 the adequacy of Peninsular Florida's bulk power and transmission  
25 system. The study includes both short-term (1-5 years) detailed  
26 analysis and long-term (6-10 years) evaluation of developing trends  
27 that would require transmission additions or other corrective action.  
28 Updates on regional areas of interest and/or constraints (e.g., Central  
29 Florida) are also addressed.

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**Section 4 Information Exchange**

4.1 Transmission Provider participates in information exchange on a regular and ongoing basis with the FRCC, neighboring utilities, and customers. Transmission customers are required to submit data for the planning process described in this Attachment K to the Transmission Provider in order for the Transmission Provider to plan for the needs of network and point-to-point customers. This data/information shall be provided by the transmission customer by no later than January 1 of each year. Such data/information includes load growth projections, planned generation resource additions/upgrades (including network resources), any demand response resources, new delivery points, new or continuation of long-term firm point-to-point transactions with specific receipt (i.e., source or electrical location of generation resources) and delivery points, (i.e., the electrical location of load or sink where the power will be delivered to), and planned transmission facilities. This data/information shall be provided over the 10 year planning horizon to the extent such information is known. Additionally, the transmission customer shall provide timely written notice of any material changes to this data/information as soon as practicable due to the possible effect on the transmission plan or the ability of the Transmission Provider to provide service.

1           4.2    The Transmission Provider utilizes the information provided in  
2           modeling and assessing the performance of its system in order to develop  
3           a transmission plan that meets the needs of all customers of the  
4           transmission system. The Transmission Provider exchanges information  
5           with a transmission customer to provide an opportunity for the  
6           transmission customer to evaluate the initial study findings or to propose  
7           potential alternative transmission solutions for consideration by the  
8           Transmission Provider. If the Transmission Provider and transmission  
9           customer agree that the transmission customer's recommended solution is  
10          the best over-all transmission solution then such solution will be  
11          incorporated in the Transmission Provider's plan. Through this  
12          information exchange process the transmission customer has an integral  
13          role in the development of the transmission plan. This process is  
14          described in greater detail in Appendix 1 to this Attachment K. Consistent  
15          with the Transmission Provider's obligation under federal and state law,  
16          and under NERC and FRCC reliability standards, the Transmission  
17          Provider is ultimately responsible for the transmission plan.

18          4.3    The FRCC TWG sets the schedule for data submittal and  
19          frequency of information exchange which starts at the beginning of each  
20          calendar year. Updates and revisions are discussed at the FRCC  
21          Planning Committee meetings by the members. This process requires  
22          extensive coordination and information exchange over a period of several

1 months as the FRCC develops electric power system load-flow databank  
2 models for the FRCC Region. The models include data for every utility in  
3 peninsular Florida and are developed and maintained by the FRCC. The  
4 TWG is responsible for developing and maintaining power flow base  
5 cases. The FRCC power flow base case models contain the data used by  
6 the FRCC and transmission providers for intra- and inter-regional  
7 assessment studies, and other system studies. The models created also  
8 are the basis for the FRCC submittal to the NERC Multi-regional Modeling  
9 Working Group ("MMWG"). TWG members support the data collection  
10 requirements and guidelines related to the accurate modeling of  
11 generation, transmission and load in the power flow cases. The data  
12 collected includes:

13 For power flow models:

- 14 • Bus data; (name, base voltage, type, area assignment, zone  
15 assignment, owner)
- 16 • Load data; (bus, MW, MVAR, area assignment, zone assignment,  
17 owner)
- 18 • Generator data; (bus, machine number, MW, MVAR, status, PMAX,  
19 PMIN, QMAX, QMIN, MVA base, voltage set-point, regulating bus)
- 20 • Branch data; (from bus, to bus, circuit number, impedances, ratings,  
21 status, length, owner)
- 22 • Transformer data; (from bus, to bus, to bus, circuit number, status,  
23 winding impedances, ratings, taps, voltage control bus, voltage limits,  
24 owner)
- 25 • Area interchange data; (area, slack bus, desired interchange,  
26 tolerance)
- 27 • Switched shunt data
- 28 • Facts device data

29  
30 For dynamic stability models (in addition to power flow model data):

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1 maintains and updates the load flow, short circuit, and stability models. All  
2 of this above information is distributed by the FRCC, along with the FRCC  
3 transmission planning studies, subject to possible redaction of user  
4 sensitive or critical infrastructure information consistent with market and  
5 business rules and standards.

6

7 **Section 5 Comparability**

8 5.1 This comparability principle is applied in all aspects of the  
9 transmission planning process including each of the respective principles  
10 in this Attachment K. Transmission Provider incorporates into its  
11 transmission plans on a comparable basis all firm transmission  
12 obligations, both retail and wholesale. The retail obligations consist of  
13 load growth, interconnection and integration of new network resources,  
14 firm power purchases and new distribution substations. Transmission  
15 Provider wholesale obligations are existing firm wholesale power sales,  
16 existing long-term firm transmission service including firm point-to-point  
17 and network (interconnection and integration of network resources),  
18 projected network load, generator interconnections, and new delivery  
19 points.

20 5.2 Transmission Provider plans for forecasted load, generation  
21 additions/upgrades which include network resources and new distribution  
22 substations associated with retail service obligations. A network

1 transmission customer provides corresponding data as part of the  
2 provision of service, such as load forecast data, generation  
3 additions/upgrades including network resource forecast, new delivery  
4 points, and other information needed by the Transmission Provider to plan  
5 for the needs of the customer. Both Transmission Provider and the  
6 transmission customers reflect their demand resources within the  
7 information that is input within this planning process. The data required  
8 for planning the transmission system for both retail and wholesale  
9 customers is comparable. This comparability principle is also further  
10 described under the Local Transmission Planning Process as set forth in  
11 Appendix 1 to this Attachment K. The data/information is also provided to  
12 the FRCC for their use in databank development and analysis under the  
13 FRCC Regional Transmission Planning Process. These data  
14 requirements are generally communicated by OASIS, email, letter or  
15 combination thereof.

16 5.3 Transmission providers/owners submit to the FRCC their latest 10-  
17 year expansion plans for their transmission systems, which incorporate  
18 the transmission expansion needed to meet the transmission customer  
19 requirements, including a list of transmission projects that provides for all  
20 of the firm obligations based on the best available information. The FRCC  
21 compiles and distributes a list of projects distributed from the transmission  
22 providers/owners and updates the project status to keep the list current.

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1 FRCC compiles and distributes the transmission providers/owners' 10-  
2 year expansion plans. All transmission users and other affected parties  
3 are asked to submit to the FRCC any issues or special needs that they  
4 believe are not adequately addressed in the expansion plans.

5

6 **Section 6 Dispute Resolution**

7 6.1 If a dispute arises between a transmission customer and the  
8 Transmission Provider under the local transmission planning process set  
9 forth in Appendix 1 to this Attachment K or involving Transmission Service  
10 under the Tariff, the senior representatives of the Transmission Provider  
11 and the customer shall attempt to resolve the dispute. However, if such  
12 dispute is not resolved, then the Dispute Resolution Procedures set forth  
13 in Article 12 of the Tariff shall govern.

14 If a dispute arises among or between Transmission Provider and another  
15 transmission owner(s) involving a cost allocation issue regarding the Cost  
16 Allocation Methodology and Principles, then the dispute resolution process  
17 set forth below under the cost allocation principle of this Attachment K  
18 shall govern.

19 If a dispute arises among or between Transmission Provider and another  
20 transmission provider/owner(s), regarding the FRCC Regional  
21 Transmission Planning Process, then the dispute resolution procedures  
22 that are contained in the FRCC Regional Transmission Planning Process

1 as set forth below in this Attachment K shall govern.

2 6.2 The FRCC Regional Transmission Planning Process has two  
3 alternative dispute resolution processes. Any party raising an unresolved  
4 issue may request the Mediator Dispute Resolution Process, which  
5 involves a mediator being selected jointly by the disputing parties. If the  
6 Mediator Dispute Resolution Process is completed, and the issue is still  
7 unresolved, by mutual agreement between the parties, the Independent  
8 Evaluator Dispute Resolution Process may be utilized. The Independent  
9 Evaluator is selected by the FRCC Board of Directors. If the issue is  
10 unresolved by either of the dispute resolution processes, the transmission  
11 owners, affected parties, or the FRCC may request that the FPSC address  
12 such unresolved dispute. Notwithstanding the foregoing, any unresolved  
13 issue(s) may be submitted to any regulatory or judicial body having  
14 jurisdiction.

15 Described below are the two alternative dispute resolution processes:

16 6.2.1 Alternative 1 - Mediator Dispute Resolution Process (Non-  
17 Binding)

18 The Mediator Process shall be completed within 60 days of  
19 commencement.

20 A mediator shall be selected jointly by the disputing parties. The  
21 mediator shall: (1) be knowledgeable in the subject matter of the  
22 dispute, and (2) have no official, financial, or personal conflict of

1 interest with respect to the issues in controversy, unless the interest  
2 is fully disclosed in writing to all participants and all participants  
3 waive in writing any objection to the interest.

4 The disputing parties shall attempt in good faith to resolve the  
5 dispute in accordance with the procedures and timetable  
6 established by the mediator. In furtherance of the mediation efforts,  
7 the mediator may:

- 8 • Require the parties to meet for face-to-face discussions, with or  
9 without the mediator;
- 10 • Act as an intermediary between the disputing parties;
- 11 • Require the disputing parties to submit written statements of  
12 issues and positions; and
- 13 • If requested by the disputing parties, provide a written  
14 recommendation on resolution of the dispute.

15  
16 If a resolution of the dispute is not reached by the 30th day after the  
17 appointment of the mediator or such later date as may be agreed to  
18 by the parties, the mediator shall promptly provide the disputing  
19 parties with a written, confidential, non-binding recommendation on  
20 resolution of the dispute, including the mediator's assessment of  
21 the merits of the principal positions being advanced by each of the  
22 disputing parties. At a time and place specified by the mediator  
23 after delivery of the foregoing recommendation, but no later than 15  
24 days after issuance of the mediator's recommendation, the  
25 disputing parties shall meet in a good faith attempt to resolve the  
26 dispute in light of the mediator's recommendation. Each disputing

1 party shall be represented at the meeting by a person with authority  
2 to settle the dispute, along with such other persons as each  
3 disputing party shall deem appropriate. If the disputing parties are  
4 unable to resolve the dispute at or in connection with this meeting,  
5 then: (1) any disputing party may commence such arbitral, judicial,  
6 regulatory or other proceedings as may be appropriate; and (2) the  
7 recommendation of the mediator shall have no further force or  
8 effect, and shall not be admissible for any purpose, in any  
9 subsequent arbitral, administrative, judicial, or other proceeding.

10 The costs of the time, expenses, and other charges of the mediator  
11 and of the mediation process shall be borne by the parties to the  
12 dispute, with each side in a mediated matter bearing one-half of  
13 such costs. Each party shall bear its own costs and attorney's fees  
14 incurred in connection with any mediation.

15 6.2.2 Alternative 2 - Independent Evaluator Dispute Resolution  
16 Process (Non-Binding)

17 The Independent Evaluator Dispute Resolution Process shall be  
18 completed within 90 days.

19 An assessment of the unresolved issue(s) shall be performed by an  
20 Independent Evaluator that will be selected by the FRCC Board.

21 The Independent Evaluator shall evaluate the disputed issue(s)  
22 utilizing the same criteria that the Planning Committee is held to,

1           that is, "the applicable reliability criteria of FRCC and NERC, and  
2           the individual transmission owner's/provider's specific design,  
3           operating and planning criteria."

4           The Independent Evaluator shall be a recognized independent  
5           expert with substantial experience in the field of transmission  
6           planning with no past business relationship to any of the affected  
7           parties within the past two years from the date the Dispute  
8           Resolution Process is started.

9           The Board shall retain an Independent Evaluator within 15 days of  
10          the request to utilize the Independent Evaluator Dispute Resolution  
11          Process.

12          The Independent Evaluator shall prepare a report of its findings,  
13          with recommendations on the unresolved issue(s), to the Board and  
14          the Planning Committee within 45 days from the date the Board  
15          selected the Independent Evaluator. The Independent Evaluator's  
16          findings and recommendations shall not be binding. The Board,  
17          with the assistance of the Planning Committee and the Independent  
18          Evaluator's report, shall attempt to resolve the unresolved issue(s)  
19          within 30 days from receipt of the Independent Evaluator's report.

20          If the Board fails to resolve the issue(s) to the satisfaction of all  
21          parties, any disputing party may commence such arbitral, judicial,  
22          regulatory or other proceedings as may be appropriate.

1           The costs of the Independent Evaluator shall be borne by the  
2           parties to the dispute with each party bearing an equal share of  
3           such costs. The FRCC shall be one of the parties. Each party  
4           shall bear its own costs and attorney fees incurred in connection  
5           with the dispute resolution.

6

7   **Section 7   Regional Participation**

8           7.1   The FRCC Regional Transmission Planning Process begins with  
9           the consolidation of the long term transmission plans of all of the  
10          transmission providers/owners in the FRCC Region. Such transmission  
11          plans incorporate the integration of new firm resources as well as other  
12          firm commitments. Any generating or transmission entity not required to  
13          submit a 10 year plan to the FPSC submits its 10 year expansion plan to  
14          the FRCC, together with any issues or special needs they believe are not  
15          adequately addressed by the transmission providers/owners' 10 year  
16          plans. The FRCC process requires that the FRCC Planning Committee  
17          address any issue or area of concern not previously or adequately  
18          addressed with emphasis on constructing a more robust regional  
19          transmission system.

20          7.2   Each transmission provider/owner furnishes the FRCC with a study  
21          schedule for each system impact study so that other potentially affected  
22          transmission providers/owners can independently assess whether they

1           may be affected by the request, and elect to participate in or monitor the  
2           study process. If a transmission provider/owner believes that it may be  
3           affected, it may participate in the study process.

4           7.3    FRCC has a reliability coordination arrangement with Southern  
5           Company Services, Inc. ("Southern"), which is in the Southeastern  
6           Subregion of the SERC Reliability Corporation Region that the FRCC is  
7           connected to, with the purpose of safeguarding and augmenting the  
8           reliability of the Southern/SERC and the FRCC bulk power supply  
9           systems. This arrangement provides for exchanges of information and  
10          system data between Southern and FRCC for the coordination of planning  
11          and operations in the interest of reliability. The arrangement also provides  
12          the mechanism for regional studies and recommendations designed to  
13          improve the reliability of the interconnected bulk power system. Duties  
14          under the arrangement are as follows: (1) coordination of generation and  
15          transmission system planning, construction, operating, and protection to  
16          maintain maximum reliability; (2) coordination of interconnection lines and  
17          facilities for full implementation of mutual assistance in emergencies; (3)  
18          initiation of joint studies and investigations pertaining to the reliability of  
19          bulk power supply facilities; (4) coordination of maintenance schedules of  
20          generating units and transmission lines; (5) determination of requirements  
21          for necessary communication between the parties; (6) coordination of load  
22          relief measures and restoration procedures; (7) coordination of spinning

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1 reserve requirements; (8) coordination of voltage levels and reactive  
2 power supply; (9) other matters relating to the reliability of bulk power  
3 supply required to meet customer service requirements; and (10)  
4 exchange of necessary information, such as magnitude and  
5 characteristics of actual and forecasted loads, capability of generating  
6 facilities, programs of capacity additions, capability of bulk power  
7 interchange facilities, plant and system emergencies, unit outages, and  
8 line outages.

9 7.4 The FRCC and the Southeastern Subregion of SERC are  
10 establishing their respective links to transmission providers and  
11 FRCC/Southeastern Subregion websites as applicable that contain study  
12 methodologies, joint transmission studies, inter-regional transmission  
13 service and generator interconnection service related studies, and the  
14 FRCC/Southeastern Subregion process for requesting inter-regional  
15 economic studies. The FRCC website link that contains this type of  
16 information can be found at the following location  
17 ([https://www.frcc.com/Planning/default.aspx?RootFolder=%2fPlanning%2f](https://www.frcc.com/Planning/default.aspx?RootFolder=%2fPlanning%2fShared%20Documents%2fFlorida%2dSoutheastern%20Subregion%20Documents&FolderCTID=&View=%7bFBDE89E4%2dE66F%2d40EE%2d999D%2dCFF06CF2A726%7d)  
18 [Shared%20Documents%2fFlorida%2dSoutheastern%20Subregion%20Do](https://www.frcc.com/Planning/default.aspx?RootFolder=%2fPlanning%2fShared%20Documents%2fFlorida%2dSoutheastern%20Subregion%20Documents&FolderCTID=&View=%7bFBDE89E4%2dE66F%2d40EE%2d999D%2dCFF06CF2A726%7d)  
19 [cuments&FolderCTID=&View=%7bFBDE89E4%2dE66F%2d40EE%2d99](https://www.frcc.com/Planning/default.aspx?RootFolder=%2fPlanning%2fShared%20Documents%2fFlorida%2dSoutheastern%20Subregion%20Documents&FolderCTID=&View=%7bFBDE89E4%2dE66F%2d40EE%2d999D%2dCFF06CF2A726%7d)  
20 [9D%2dCFF06CF2A726%7d](https://www.frcc.com/Planning/default.aspx?RootFolder=%2fPlanning%2fShared%20Documents%2fFlorida%2dSoutheastern%20Subregion%20Documents&FolderCTID=&View=%7bFBDE89E4%2dE66F%2d40EE%2d999D%2dCFF06CF2A726%7d)). Transmission providers within the FRCC  
21 and Southeastern Subregion of SERC coordinate with each other as  
22 necessary in the performance of economic studies. FRCC and

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1 Southeastern SERC transmission providers plan to attend transmission  
2 planning forums when study findings are presented to stakeholders that  
3 impact their respective transmission systems.

4 7.5 The FRCC is a member of the Eastern Interconnection Reliability  
5 Assessment Group ("ERAG") which includes other Eastern  
6 Interconnection reliability regional entities, the Midwest Reliability  
7 Organization, the Northeast Power Coordinating Council, Inc., Reliability  
8 First Corporation, SERC Reliability Corporation, and Southwest Power  
9 Pool. The purpose of ERAG is to ensure reliability of the interconnected  
10 system and the adequacy of infrastructure in their respective regions for  
11 the benefit of all end-users of electricity and all entities engaged in  
12 providing electric services in the region.

13

14 **Section 8 Economic Planning Studies**

15 8.1 In the performance of an economic sensitivity study that is identified  
16 as part of the FRCC Regional Transmission Planning Process,  
17 Transmission Provider plans to participate in such study utilizing the  
18 procedures that are contained in the FRCC Regional Transmission  
19 Planning Process. If Transmission Provider receives a specific request to  
20 perform economic studies for a transmission customer, Transmission  
21 Provider plans to utilize the OASIS for such requests.<sup>1</sup> To the extent an  
22 economic study would involve other transmission providers/owners,

1           Transmission Provider will coordinate with these providers/owners in  
2           performing the study. Stakeholders will be allowed to request the  
3           performance of up to five (5) economic planning studies on an annual  
4           basis.

5           8.2    The FRCC Regional Transmission Planning Process includes both  
6           economic and congestion studies. One of the sensitivities may include  
7           evaluating the FRCC Region with various generation dispatches that test  
8           or stress the transmission system, including economic dispatch from all  
9           generation (firm and non-firm) in the region. Other sensitivities may  
10          include specific areas where a combination/cluster of generation and load  
11          serving capability involving various transmission providers/owners in the  
12          FRCC experiences or may experience significant and recurring  
13          transmission congestion on their transmission facilities. Members of the  
14          FRCC Planning Committee may also request specific economic analyses  
15          that would examine potential generation resource options, or other types  
16          of regional economic studies, and to the extent information is available,  
17          may request a study of the cost of congestion. The FRCC Planning  
18          Committee may consider clustering studies as appropriate. Economic  
19          analyses should reflect the upgrades to integrate necessary new  
20          generation resources and/or loads on an aggregate or regional (cluster)  
21          basis.

22

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1 **Section 9 Cost Allocation**

2 9.1 If a transmission expansion is identified as needed under the FRCC  
3 Regional Transmission Planning Process and such transmission  
4 expansion results in a material adverse system impact upon a third party  
5 transmission owner, the third party transmission owner may choose to  
6 utilize the FRCC Principles for Sharing of Certain Transmission Expansion  
7 Costs as outlined below in this Attachment K. The FPSC is involved in  
8 this process and provides oversight, guidance and may exercise its  
9 statutory authority as appropriate. A more detailed description of the  
10 FRCC Principles for Sharing of Certain Transmission Expansion Costs  
11 can be found on the FRCC website at this location:

12 [https://www.frcc.com/Planning/Shared%20Documents/FRCC%20Principles](https://www.frcc.com/Planning/Shared%20Documents/FRCC%20Principles%20for%20Cost%20Sharing%2011-30-07.pdf)  
13 [s%20for%20Cost%20Sharing%2011-30-07.pdf](https://www.frcc.com/Planning/Shared%20Documents/FRCC%20Principles%20for%20Cost%20Sharing%2011-30-07.pdf)

14 9.2 The FRCC Principles for Sharing of Certain Transmission  
15 Expansion Costs: (i) sets forth certain principles regarding the provision of  
16 financial funding to Transmission Owners<sup>2</sup> that undertake remedial  
17 upgrades to, or expansions of, their systems resulting from upgrades,  
18 expansions, or provisions of services on the systems of *other*  
19 Transmission Owners, and (ii) procedures for attempting to resolve  
20 disputes among Transmission Owners and other parties regarding the  
21 application of such principles. These principles shall not apply to

---

<sup>2</sup> For this purpose, "Transmission Owner" means an electric utility owning transmission facilities in the FRCC Region.

1 transmission upgrades or expansions if, and to the extent that, the costs  
2 thereof are subject to recovery by a Transmission Owner pursuant to  
3 FERC Order 2003 or Order 2006.

4 9.3 Principles

5 9.3.1 Each Transmission Owner in the FRCC Region shall be  
6 responsible for upgrading or expanding its transmission system in  
7 accordance with the FRCC Regional Transmission Planning  
8 Process consistent with applicable NERC and FRCC Reliability  
9 Standards and shall participate, directly or indirectly (as the  
10 member of a participating Transmission Owner, e.g., Seminole  
11 Electric Cooperative, Inc. and Florida Municipal Power Agency), in  
12 the FRCC Regional Transmission Planning Process in planning all  
13 upgrades and expansions to its system.

14 9.3.2 If, and to the extent that, the need for a 230 kV or above  
15 upgrade to, or expansion of, the transmission system of one  
16 Transmission Owner (the "Affected Transmission Owner") is  
17 reasonably expected to result from, upgrade(s) or expansion(s) to,  
18 or new provisions of service on, the system(s) of another  
19 Transmission Owner or Transmission Owners (hereinafter  
20 "Precipitating Events"), and if such need is reasonably expected to  
21 arise within the FRCC planning horizon, the Affected Transmission  
22 Owner shall be entitled to receive Financial Assistance (as defined

1            herein) from each other such Transmission Owner and other  
2            parties, to the extent consistent with the other provisions hereof.  
3            Such upgrade or expansion to the Affected Transmission Owner's  
4            system shall hereinafter be referred to as the "Remedial Upgrade."  
5            Upgrade(s), expansion(s), or provisions of service on another  
6            Transmission Owner's system that may result in the need for a  
7            Remedial Upgrade on the Affected Transmission Owner's system  
8            for which Financial Assistance is to be provided hereunder include  
9            the following Precipitating Events:

- 10            • A new generating unit(s) to serve incremental load
- 11            • A new or increased long-term sale(s)/purchase(s) to or by  
12            others (different uses)
- 13            • A new or modified long-term designation of Network  
14            Resource(s)
- 15            • A new or increased long-term, firm reservation for point-to-  
16            point transmission service

17            Specific non-Precipitating Events are as follows: 1) Transmission  
18            requests that have already been confirmed prior to adoption of  
19            these principles; 2) Qualifying rollover agreements that are  
20            subsequently rolled over; 3) Redirected transmission service for  
21            sources to the extent the redirected service does not meet the  
22            Threshold Criteria described in paragraph 9.3.5.1. Existing flows

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1 would not be considered "incremental."; and 4) Repowered  
2 generation if the MW output of the facility is not increased,  
3 regardless of whether the repowered unit is used more/less hours  
4 of the year.

5 9.3.3 Except to the extent that an Affected Transmission Owner is  
6 entitled to Financial Assistance from other parties as provided  
7 herein, each Transmission Owner shall be responsible for all costs  
8 of upgrades to, and expansions of, its transmission system;  
9 provided, however, that nothing herein is intended to affect the right  
10 of any Transmission Owner or another party from obtaining  
11 remuneration from other parties to the extent allowed by contract or  
12 otherwise pursuant to applicable law or regulation (including, for  
13 example, through rates to a Transmission Owner's customers).

14 9.3.4 Each Transmission Owner shall be solely responsible for the  
15 execution, or acquisition, of all engineering, permitting, rights-of-  
16 way, materials, and equipment, and for the construction of facilities  
17 comprising upgrades or expansions, including Remedial Upgrades,  
18 of its transmission system; provided, however, that nothing herein  
19 is intended to preclude a Transmission Owner from seeking to  
20 require another party to undertake some or all of such  
21 responsibilities to the extent allowed by contract or otherwise  
22 pursuant to applicable law.

1           9.3.5 Threshold Criteria: The following criteria ("Threshold  
2           Criteria") must be satisfied in order for an Affected Transmission  
3           Owner to be entitled to receive Financial Assistance from another  
4           party or parties in connection with a Remedial Upgrade:

5           9.3.5.1 A change in power flow of at least a 5% or 25 MW,  
6           whichever is greater, on the Affected Transmission Owner's  
7           facilities which results in a NERC or FRCC Reliability Standards  
8           violation;

9           9.3.5.2 The Transmission Expansion must be 230 kV or  
10          higher voltage; and

11          9.3.5.3 The costs associated with the Transmission  
12          Expansion must exceed \$3.5 million.

13          9.3.6 In order for a Transmission Owner to be entitled to receive  
14          Financial Assistance from another party or parties hereunder in  
15          connection with a particular Remedial Upgrade, that Transmission  
16          Owner must: (i) participate, directly or indirectly, in the FRCC  
17          Regional Transmission Planning Process, and (ii) identify itself as  
18          an Affected Transmission Owner and identify the subject Remedial  
19          Upgrade in a timely manner once it learns of the need for that  
20          Remedial Upgrade.

21          9.3.7 The following principles govern the nature and amount of  
22          Financial Assistance that an Affected Transmission Owner is

1 entitled to receive from one or more other parties with respect to a  
2 Remedial Upgrade:

3 9.3.7.1 A recognition of the reasonably determined benefits  
4 that result from the Remedial Upgrades due to the elimination or  
5 deferral of otherwise planned transmission upgrades or  
6 expansions.

7 9.3.7.2 Remedial Upgrade costs, net of recognized benefits,  
8 shall be allocated fifty-fifty, respectively, based on:

- 9 - The sources or cluster of sources which are causing  
10 the need for the transmission expansion; and  
11 - The load in the area or zone associated with the need  
12 for the Transmission Expansion. (For these  
13 purposes, network customer loads embedded within a  
14 transmission provider's service area in the  
15 Transmission Zone would not be separately allocated  
16 any costs as such loads would be paying their load  
17 ratio share of the affected transmission provider's  
18 costs.)

19 9.3.7.3 Initially, there are six zones in the FRCC region. A  
20 request by a party to modify one or more zones should be  
21 substantiated on its merits (e.g., technical analysis, area of

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1 limited transmission capability). Below are principles that will  
2 guide how the boundaries of zones are determined:

- 3 • Electrically, a substantial amount of the generation  
4 within a zone is used to serve load also within that  
5 zone.
- 6 • Transmission facilities in a zone are substantially  
7 electrically independent of other zones.
- 8 • Zones represent electrical demarcation areas in the  
9 FRCC transmission grid that can be supported from a  
10 technical perspective.

11 9.3.7.4 The Financial Assistance provided to an Affected  
12 Transmission Owner related to one or more transmission  
13 service requests keyed to new sources of power is subject to  
14 repayment without interest over a ten year period through  
15 credits for transmission service charges by the funding party  
16 and at the end of ten years through payment of any outstanding  
17 balance.

18 9.3.8 Implementation and Dispute Resolution Process:

19 9.3.8.1 As soon as practical after a Transmission Owner shall  
20 have identified itself as an Affected Transmission Owner  
21 because of the need for a Remedial Upgrade, that Transmission  
22 Owner and parties whose actions shall have contributed, or are

1 reasonably expected to contribute, to the need for that Remedial  
2 Upgrade which may be responsible for providing Financial  
3 Assistance in connection therewith in accordance herewith shall  
4 enter into good faith negotiations to: (i) confirm the need and  
5 cause for the Remedial Upgrade and their respective  
6 responsibilities for providing Financial Assistance to the Affected  
7 Transmission Owner, and (ii) establish a fair and reasonable  
8 schedule and means by which such Financial Assistance is to  
9 be provided to the Affected Transmission Owner.

10 9.3.8.2 In the event the parties identified in the foregoing  
11 paragraph are unable to reach agreement on the determination  
12 or assignment of cost responsibility within a sixty (60) day  
13 period, the dispute shall be referred to the parties' designated  
14 senior representatives, who have been previously identified, for  
15 resolution as promptly as practicable and written notice shall be  
16 provided to the Florida Public Service Commission.

17 9.3.8.3 In the event the senior designated representatives are  
18 unable to resolve the dispute within sixty (60) days by mutual  
19 agreement, such dispute may be submitted to any bodies  
20 having jurisdiction over the matter.

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1                    9.3.8.4    Nothing in this document is intended to abrogate or  
2                    mitigate any rights a party may have before any regulatory or  
3                    other body having jurisdiction.  
4                    9.3.8.5    During those circumstances in which this Section  
5                    9.3.8 pertaining to Dispute Resolution Process is being utilized  
6                    due to parties being unable to reach agreement on the  
7                    determination or assignment of cost responsibility associated  
8                    with a Remedial Upgrade(s), the parties shall continue in  
9                    parallel with the Dispute Resolution Process with the  
10                    engineering, permitting and siting associated with the Remedial  
11                    Upgrade(s). The fact that a matter is subject to Dispute  
12                    Resolution hereunder shall not be a basis for any party being  
13                    relieved of its obligations under this document.

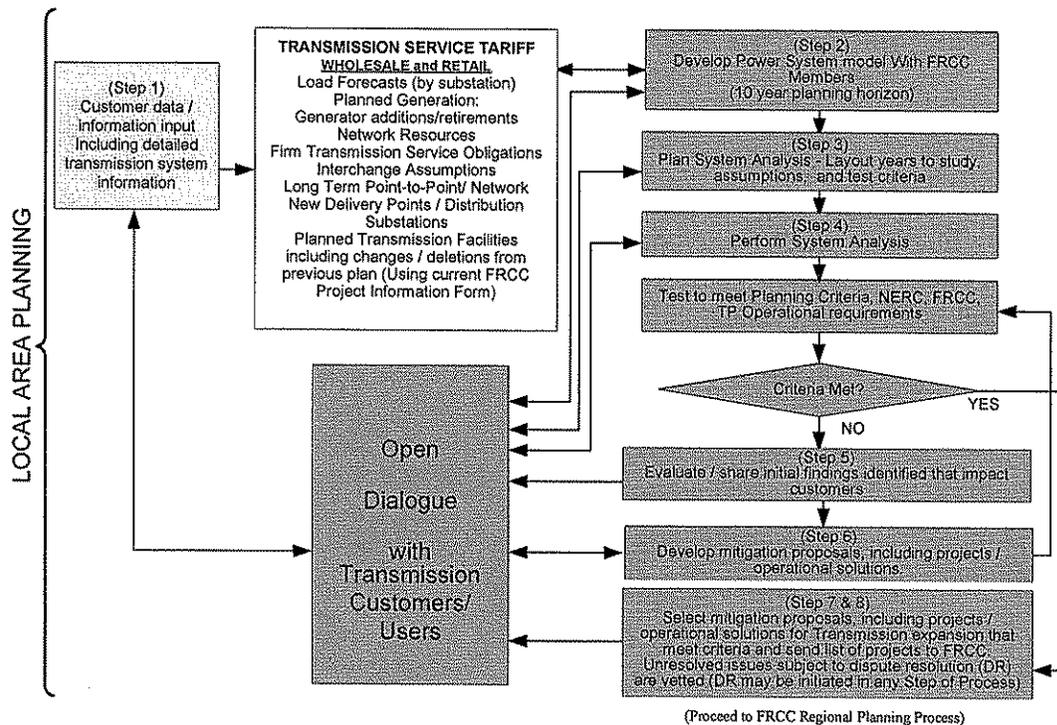
**Appendix 1 to Attachment K**

**Local Transmission Network Planning Process – Process Description**

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The Local Transmission Network Planning Process ("Local Process") is performed annually with the Transmission Provider's plan being finalized on or about April 1st of each calendar year. The times shown (in months) for each of the steps contained in the Local Process are target dates that recognize some potential overlapping of the various activities. The Transmission Provider may develop a different timeline where warranted with the concurrence of the Transmission Provider's Customers/Stakeholders. The timelines and dates in this Appendix 1 to Attachment K are to be used as guidelines subject to modification (modified or expedited) as warranted. It is also recognized and understood that under the Transmission Provider's OATT, there are certain FERC mandated timelines that are applied to Transmission Service Requests ("TSRs") and Generator Interconnection Service Requests ("GISRs") that may conflict and be of higher priority than the Local Process. Therefore, Transmission Provider's receipt of TSRs and/or GISRs may require the modification, from time to time, of the timelines described below.

**TRANSMISSION PROVIDER'S (TP) LOCAL TRANSMISSION NETWORK PLANNING PROCESS**



20  
21  
22

1 **Local Transmission Network Planning Process – Process Description**

2 **Overview:**

- 3 • The Transmission Provider, which is ultimately responsible for the  
4 development of the Transmission Provider's annual 10 Year Expansion  
5 Plan, will lead the Local Process on a coordinated basis with the  
6 Customers/Stakeholders. This Local Transmission Planning Process will  
7 be implemented in such a manner as to ensure the development of the  
8 Local Transmission Plan in a timely manner. The Transmission Provider  
9 will facilitate each meeting throughout the process. The Transmission  
10 Provider will encourage an open dialogue and the sharing of information  
11 with Customers/Stakeholders (subject to confidentiality requirements and  
12 FERC Standards of Conduct<sup>3</sup>) in the development of the Local  
13 Transmission Plan.
- 14 • Customers/Stakeholders are invited to participate in the Transmission  
15 Provider's Local Process.
- 16 • The Local Process will comply with the FERC nine principles as well as  
17 the provisions below.
- 18 • All annual initial kick-off meetings will be open to all  
19 Customers/Stakeholders and noticed by the Transmission Provider to all  
20 Customers/Stakeholders with sufficient time to arrange for travel planning  
21 and attendance (two week minimum). The annual initial kick-off meeting  
22 will be a face-to-face meeting; otherwise, with the consent of the  
23 Customers/Stakeholders, meetings may be organized as face-to-face  
24 meetings, conference calls, web-ex events, etc., wherein the dialogue and  
25 communications will be open, direct, detailed, and consistent with the  
26 FERC Standards of Conduct and confidentiality requirements.
- 27 • The Customers/Stakeholders may initiate the dispute resolution process at  
28 any point in the Local Process where agreement between the  
29 Transmission Provider and Customer(s)/Stakeholder(s) cannot be  
30 reached.
- 31 • The entities generally responsible for undertaking the tasks described  
32 below are designated as the TP (Transmission Provider) and/or the S  
33 (Customers/Stakeholders).

34  
35 The study process will include the following steps:

36  
37 **A. Data Submission Requirements (STEP 1 – 3 months)**

38 In order for The Transmission Provider to carry out its responsibility of  
39 developing the Transmission Provider's annual 10 Year Expansion Plan and  
40 leading the Local Process on a coordinated basis with the  
41 Customers/Stakeholders, data submission by the Customer/Stakeholder on a  
42 timely manner (on or before January 1<sup>st</sup> of each year) is essential. As such,

---

<sup>3</sup> The provision for handling of information also applies to all steps of the Local Process.

1 the following data submission requirements from Customers/Stakeholders to  
2 the Transmission Provider are established. The Customers/Stakeholders will  
3 submit data to the Transmission Provider in a format that is compatible with  
4 the transmission planning tools in common use by the Transmission Provider.  
5 The Transmission Provider will identify the data format to be used by the  
6 Customers/Stakeholders for all data submissions, or absent a Transmission  
7 Provider identified data format, the Customers/Stakeholders will use their  
8 discretion in selection of data format. Examples of data that may be required  
9 are:

- 10 • Load forecasts, if appropriate:
  - 11 - Coincident and non-coincident Peak load forecasts will be provided
  - 12 for the subsequent 11 years, for each summer and winter peak
  - 13 season, with real power and reactive power values for each load
  - 14 serving substation (reflected to the transformer high-side) or
  - 15 delivery Point, as applicable.
- 16 • Transmission Delivery Points, if appropriate:
  - 17 - Delivery Point additions and/or Delivery Point modifications that
  - 18 have not previously been noticed to the Transmission Provider will
  - 19 be communicated by the Customer/Stakeholder to the
  - 20 Transmission Provider via the standard Delivery Point Request
  - 21 letter process.
  - 22 - Delivery Point additions and/or Delivery Point modifications that
  - 23 have not previously been included in the FRCC Databank
  - 24 Transmission Planning models will be provided by the
  - 25 Customers/Stakeholders to the Transmission Provider via the
  - 26 standard FRCC Project Information Sheet ("PIF") per the attached
  - 27 Transmission Provider provided form and by the Siemens PTI
  - 28 PSS/E IDEV file format, compatible with the Siemens PTI PSS/E
  - 29 version in common use throughout the FRCC Region at that time.
- 30 • Network Resource Forecast, if appropriate:
  - 31 - Network Resource forecasts will be provided for the subsequent 11
  - 32 years, for each summer and winter peak season. At a minimum, the
  - 33 following data will be provided: 1. the name of each network
  - 34 resource; 2. the total capacity of each network resource; 3. the net
  - 35 capacity of each resource; 4. the designated network capacity of
  - 36 each resource; 5. the Balancing Authority Area wherein each
  - 37 network resource is interconnected to the transmission grid; 5. the
  - 38 transmission path utilized to deliver the capacity and energy of
  - 39 each network resource to the Transmission Provider's transmission
  - 40 system; 6. the Transmission Provider's point of receipt of each
  - 41 network resource; 7. the contract term of each network resource, if
  - 42 not an owned network resource; and 8. the dispatch order of the
  - 43 entire portfolio of network resources (subject to confidentiality
  - 44 requirements and Standards of Conduct).

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- 1       • How, where, and to whom, the data will be submitted to:  
2       - If hardcopy, the Transmission Provider will provide the mailing  
3       address;  
4       - If faxed, the Transmission Provider will provide the fax number;  
5       - If e-mailed, the Transmission Provider will provide the e-mail  
6       address;  
7       - If delivered to a password protected FTP site or e-vault, the  
8       Transmission Provider will provide the folder for the data, the  
9       contact person to be notified of the data delivery, etc. consistent  
10      with confidentially requirements and FERC Standards of Conduct.

11      The Transmission Provider will provide the name and contact details for the  
12      Transmission Provider point of contact for data submittal questions.  
13

14      **B. Stakeholder Data Submissions (S) (STEP 1 – con’t)**

- 15      • On or before January 1<sup>st</sup> of each calendar year, the  
16      Customers/Stakeholders will submit the required data (as directed by the  
17      Transmission Provider procedures communicated in A. above), plus any  
18      additional data that they believe is relevant to the process.  
19      • On or before January 1<sup>st</sup> of each calendar year, the  
20      Customers/Stakeholders will submit to the Transmission Provider the  
21      name(s) and contact details for those individuals that will represent them  
22      as the point(s) of contact for resolution of any data submittal or study  
23      questions/conflicts.  
24      • On or before January 1<sup>st</sup> of each calendar year, the  
25      Customers/Stakeholders will submit the name(s) of those individuals that  
26      will represent them during the FRCC Data Bank Transmission Planning  
27      Model development process and throughout the Local Process. Name(s),  
28      contact details, and their FERC Standards of Conduct status (i.e.,  
29      Reliability Only, Merchant function, etc.) will be provided. The contact  
30      individuals can be changed by the Customers/Stakeholders with notice to  
31      Transmission Provider.  
32

33      **C. FRCC Data Bank Transmission Planning Model Development Process**  
34      **(TP/S) (STEP 2 – 2 months)**

- 35      • The FRCC Regional Data Bank Development Process will control the  
36      model development schedule and work product as established by the  
37      applicable FRCC Working Group.  
38

39      **D. Kick-off for Transmission Provider's Local Transmission Network**  
40      **Planning Process (STEP 2 – con’t - 1 month)**

- 41      • The Transmission Provider will, approximately two (2) weeks prior to the  
42      second quarter initial kick-off meeting (or other date, if Transmission  
43      Provider and Customers/Stakeholders agree), communicate via e-mail  
44      with all Customers/Stakeholders the schedule/coordination details of the

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- 1 Transmission Provider's Local Process kick-off meeting(s).  
2 Customer/Stakeholder shall provide to Transmission Provider a  
3 confirmation of their intent to participate in the initial kick-off meeting at  
4 least three (3) days prior to such meeting. (TP)
- 5 • The Transmission Provider will, in advance of the Kick-off meeting(s), with  
6 sufficient time for Customer/Stakeholder review, provide to the  
7 Customers/Stakeholders a proposed study schedule, the NERC and  
8 FRCC Reliability Standards that will apply to the study, and/or guidelines  
9 that will apply to the study and Transmission Provider developed criteria  
10 that will apply to the study. (TP)
  - 11 • The initial Kick-off meeting in the second quarter of the calendar year will  
12 begin the Transmission Provider's Local Process. The Transmission  
13 Provider will review and validate the input data assumptions received from  
14 each Customer/Stakeholder, discuss the proposed study schedule, and  
15 discuss the study requirements, which will include, but not be limited to,  
16 the following:
    - 17
    - 18 - The methodologies that will be used to carry out the study (TP/S)
    - 19 - The specific software programs that will be utilized to perform the  
20 analysis (TP)
    - 21 - The Years to study (TP/S)
    - 22 - The load levels to be studied (e.g., peak, shoulder and light loads)  
23 (TP/S)
    - 24 - The criteria for determining transmission contingencies for the analysis  
25 (i.e. methods, areas, zones, voltages, generators, etc.) (TP/S)
    - 26 - The Individual company criteria (i.e., thermal, voltage, stability and  
27 short circuit) by which the study results will be measured (TP/S)
    - 28 - The NERC reliability standards by which the study results will be  
29 measured (TP/S)
    - 30 - The FRCC reliability standards and requirements by which the study  
31 results will be measured (TP/S)
    - 32 - Customer/Stakeholder proposed study scenarios for Transmission  
33 Provider consideration in the analysis (TP/S)
    - 34
  - 35 • The kick-off process will be complete when the schedule, standards,  
36 criteria, rules, tools, methods and Customer/Stakeholder participation are  
37 finalized for the study process to (described below) begin. (TP/S)
- 38
- 39 **E. Case Development (TP) (STEP 3 – 1 month)**
- 40 • Utilizing all of the data received from the Customers/Stakeholders during  
41 the data submission stage and the standards, criteria, rules, tools, and  
42 methods determined in the kick-off meeting(s), the Transmission Provider  
43 will develop the base case models to be used for the study. These models

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- 1 will be developed in the Siemens PTI PSS/E file format, compatible with  
2 the Siemens PTI PSS/E version in use by the Transmission Provider.
- 3 • Utilizing all of the data received from the Customers/Stakeholders during  
4 the data submission stage and the standards, criteria, rules, tools, and  
5 methods determine in the kick-off meeting, the Transmission Provider will  
6 develop the change case models to be used for the study. These models  
7 will be developed in the Siemens PTI PSS/E file format, compatible with  
8 the Siemens PTI PSS/E version in use by the Transmission Provider.
  - 9 • The Transmission Provider will electronically post and provide notice to  
10 the Customers/Stakeholders of the posting of the base case models, the  
11 change case models and/or the IDEV files.

12  
13 **F. Perform System Analysis (STEP 4 - 1 to 2 months)**

- 14 • The Transmission Provider will perform the study analyses (verification  
15 that thermal, voltage, stability and short circuit values meet all planning  
16 criteria) and produce the initial unfiltered, un-processed input data,  
17 output data, and files. (TP).
- 18 • The Transmission Provider will electronically post and provide notice to  
19 the Customers/Stakeholders of the posting of the initial unfiltered, un-  
20 processed input data, output data, and files. (TP/S)

21  
22 **G. Assessment and Problem Identification (STEP 5 - 1 month)**

- 23 • The Transmission Provider will evaluate the initial unfiltered, un-  
24 processed output data to identify any problems / issues for further  
25 investigation. The Transmission Provider will document, electronically  
26 post, and provide notice to the Customers/Stakeholders if there is an  
27 impact to them of the posting of the evaluation results documentation  
28 associated with the impact to the Customer/Stakeholder. (TP/S)
- 29 • The Customers/Stakeholders may perform their own additional  
30 sensitivities. (S)

31  
32 **H. Mitigation / Alternative Development (STEP 6 - 1 to 2 months)**

- 33 • The Transmission Provider will identify potential solutions / mitigation  
34 proposals to address problems / issues. (TP)
- 35 • The Transmission Provider will document, electronically post, and  
36 provide notice to the Customers/Stakeholders of the posting of the  
37 identified potential solutions / mitigation proposals to address problems /  
38 issues related to the impacted Customer(s)/Stakeholder(s).
- 39 • The Customers/Stakeholders may provide alternative potential solutions  
40 / mitigation proposals for the Transmission Provider to consider. Such  
41 information shall be provided in IDEV format and posted. (TP/S)
- 42 • The Transmission Provider will determine the effectiveness of the  
43 potential solutions through additional studies (thermal, voltage, stability

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- 1 and short circuit). The Transmission Provider may modify the potential  
2 solutions, as necessary, such that required study criteria are met. (TP)  
3 • The Transmission Provider will identify feasibility, timing and cost-  
4 effectiveness of proposed solutions that meet the study criteria. (TP/S)  
5

6 **I. Selection of Preferred Transmission Plan (STEP 6 con't - 1 to 2 months)**

- 7 • The Transmission Provider, in consultation with the  
8 Customers/Stakeholders, will compare the alternatives and select the  
9 preferred solution / mitigation alternatives based on feasibility, timing and  
10 cost effectiveness that provide a reliable and cost-effective transmission  
11 solution, taking into account neighboring transmission providers'  
12 transmission plans. (TP/S)  
13 • In case of Transmission Provider and Customer/Stakeholder dispute, the  
14 dispute resolution process described in Section 6.1 will be utilized.  
15 (TP/S)  
16

17 **J. Send Selected Local Transmission Network Plan Results (Transmission  
18 Provider's Ten Year Expansion Plan) to the FRCC (STEPS 7 & 8 - 1 to 2  
19 months)**

- 20 • The Transmission Provider will submit the Transmission Provider's  
21 proposed local transmission network plan results (the Transmission  
22 Provider's 10 Year Expansion Plan) to the FRCC, along with an  
23 indication whether there are any pending disagreements regarding the  
24 Plan (and if there are, will elicit from the dissenting entity(ies), and  
25 provide, a minority report regarding such differences of opinion). The  
26 Transmission Provider's 10 Year Expansion Plan will include all  
27 transmission system projects without differentiation between bulk  
28 transmission system projects and lower voltage transmission system  
29 projects (i.e. all projects 69 kV and above). This Transmission Provider  
30 submittal to the FRCC will be made on or about April 1 and will become  
31 part of the Initial FRCC Regional Plan. (TP)  
32 • The FRCC Regional Planning Process will now start and the FRCC  
33 Regional Planning Process rules and guidelines will now control the  
34 transmission planning process. (TP/S)  
35 • Following completion of the Transmission Provider's submission of the  
36 local transmission network plan results (the Transmission Provider's 10  
37 Year Expansion Plan) to the FRCC, the Transmission Provider will,  
38 either directly or through the FRCC project status reporting process,  
39 make available to the Customers/Stakeholders project descriptions,  
40 project scheduled in-service dates, project status, etc. for all projects.  
41 This information should be updated no less often than quarterly. (TP)

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**ATTACHMENT L**

**Creditworthiness Procedures**

- 6 A. **Credit Review:** For the purpose of determining the ability of a Transmission  
7 Customer to fulfill its financial obligations pursuant to the Tariff, the Transmission  
8 Provider shall require commercially reasonable credit review procedures. A  
9 creditworthiness review shall be conducted for each Transmission Customer  
10 upon its initial request for Transmission Service, and thereafter generally  
11 annually, or upon the anniversary of the Transmission Customer's Service  
12 Commencement Date, or upon reasonable request by the Transmission  
13 Customer. Provided, however, any time that a Transmission Customer  
14 experiences any credit downgrade that may place it below the standards  
15 specified in Section B, the Transmission Provider reserves the right to re-  
16 evaluate the Transmission Customer's creditworthiness pursuant to this  
17 Attachment L. Further, if in accordance with Section C.3, the Transmission  
18 Provider determines that financial assurances that a Transmission Customer  
19 has previously provided pursuant to this Attachment L have become insufficient  
20 to protect the Transmission Provider against the risk of non-payment,  
21 Transmission Provider can require the Transmission Customer to increase such  
22 financial assurances.  
23
- 24 B. **Creditworthiness:** Both new and existing Transmission Customers that,  
25 upon their application for Transmission Service and throughout the term of their  
26 Service Agreements, satisfy the criteria delineated in this Section B will be  
27 considered creditworthy by the Transmission Provider. Such Transmission  
28 Customers will not be required to submit financial assurances (including, with  
29 respect to new customers, the application deposits that would otherwise be  
30 required pursuant to either Sections 17.3 or 29.2 of the Tariff) in order to protect  
31 the Transmission Provider from the risk of non-

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- 1 payment. Pursuant to this Section B, if applicable, a Transmission Customer is  
2 creditworthy if it has not, pursuant to Section 7.3, Defaulted more than once in  
3 the last twelve (12) months and:
- 4 B.1. has a Standard and Poor's ("S&P") Long-Term Issuer Credit Rating of  
5 BBB- (or better); or a Moody's Investor Service, Inc. ("Moody's") Long-Term  
6 Issuer Credit Rating of Baa3 (or better). In the event that a Transmission  
7 Customer or its guarantor is rated by both S&P and Moody's, then the  
8 Transmission Provider will use the lower of the two ratings; or
- 9 B.2. is a borrower from the Rural Utilities Service ("RUS") and has a "Times  
10 Interest Earned Ratio" of 1.05 (or better) and a "Debt Service Coverage  
11 Ratio" of 1.00 (or better) in the most recent calendar year, or is maintaining  
12 the Times Interest Earned Ratio and Debt Service Coverage Ratio as  
13 established in the Transmission Customer's RUS Mortgage. The  
14 Transmission Customer must provide appropriate documentation annually, or  
15 as agreed-upon by both parties; or
- 16 B.3. is a federal agency and its financial obligations under the Tariff are  
17 backed by the full faith and credit of the United States; or
- 18 B.4. is a municipal or state agency, or a rural electric cooperative (without  
19 RUS Debt) that:
- 20 B.4.i. if applicable, has been taking Transmission Service for one (1) year  
21 and has provided documentation that its financial obligations under the  
22 Tariff are backed by the full faith and credit of the municipality or state in  
23 which it is established; or
- 24 B.4.ii. has provided documentation that under the applicable laws of the  
25 state in which it is established, that its financial obligations under the  
26 Tariff are deemed to be operating expenses and that the agency or the  
27 electric cooperative is required by such applicable laws to devote its  
28 revenues first to the payment of its operating and maintenance expenses  
29 and the principal and interest of its outstanding obligations prior to  
30 payment of all other obligations; or

1 B.5. the Transmission Customer provides a letter of unconditional and  
2 continuing guaranty from its parent company. Such letter of guaranty must be  
3 acceptable to the Transmission Provider as to form and substance and can  
4 be used only if the guarantor meets, at the time of execution and maintains  
5 during the life of the applicable Service Agreement, a minimum credit rating  
6 as stated in Section B1. However, to the extent that the guarantor is placed  
7 on watch for possible downgrade and has: i) a S&P Long-Term Issuer Credit  
8 Rating of BBB (or below); or ii) a Moody's Long- Term Issuer Credit Rating of  
9 Baa2 (or below), then the Transmission Customer will be required to provide  
10 additional financial assurances as provided in this Attachment L. A draft,  
11 acceptable form of a continuing guaranty shall be posted on OASIS; or

12 B.6. the Transmission Customer has been in business for at least one (1)  
13 year and provides its most recent audited financial statements to the  
14 Transmission Provider which demonstrate that the Transmission Customer  
15 meets standards that are at least equivalent to the standards underlying a  
16 S&P Long-Term Issuer Credit Rating of BBB- (or better) or a Moody's Long-  
17 Term Issuer Credit Rating Baa3 (or better); provided that if the Transmission  
18 Customer is not found to be creditworthy pursuant to this Section B.6, then  
19 pursuant to Section C.5, the Transmission Provider will inform the  
20 Transmission Customer of the reasons for that determination.

21

22 C. **Creditworthiness Procedures:** The Transmission Provider shall require  
23 financial assurances in accordance with the procedures set forth below:

24 C.1. **New Transmission Service:** Upon its execution of a Transmission  
25 Service Agreement, a new Transmission Customer (or an existing  
26 Transmission Customer requesting new service) that does not meet the  
27 creditworthiness requirements established in Section B shall either:

28 C.1.i. provide an unconditional and irrevocable standby letter of credit, or an  
29 alternative form of security identified in Section E, in an amount

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- 1 equal to two (2) times the estimated charges for transmission and  
2 ancillary services including losses (rounded to the nearest thousand  
3 dollar increment) for an average month for that type of service.
- 4 C.1.i.a.1. Provided, however, uncreditworthy customers applying for  
5 Non-Firm Point-to-Point Transmission Service shall provide an  
6 unconditional and irrevocable standby letter of credit, or an  
7 alternative form of security identified in Section E, in an  
8 amount equal to three (3) times the estimated charges for  
9 transmission and ancillary services including losses (rounded  
10 to the nearest thousand dollar increment) for an average  
11 month for that type of service.
- 12 C.1.i.a.2. The estimated average monthly charge for Long-Term Firm  
13 Point-to-Point and Network Integration Transmission Service  
14 shall be based on the Long-Term Firm Point-to-Point  
15 Transmission Service rate for the reserved capacity or the load  
16 being served, respectively. Any letter of credit provided by a  
17 Transmission Customer must be acceptable to the  
18 Transmission Provider and consistent with the Commercial  
19 practices established by the Uniform Commercial Code. All  
20 costs associated with the issuance and maintenance of a letter  
21 of credit shall be paid by the Transmission Customer. A draft,  
22 acceptable form of a letter of credit shall be posted on OASIS;  
23 or
- 24 C.1.ii. arrange to prepay for Transmission Service as follows:
- 25 C.1.ii.a. For requests with a term greater than one month, the  
26 prepayment for the first month must be made when the Transmission  
27 Customer makes its reservation for that Transmission Service request,  
28 and no later than five (5) business days before the commencement of  
29 service. Prepayments for the subsequent months of service must be  
30 made no later than five (5) business days prior to the beginning of  
31 each month;
- 32 C.1.ii.b. For service for one (1) month or less, the Transmission

- 1 Customer shall pay the total charge for service when it makes the  
2 request, and no later than five (5) business days prior to the  
3 commencement of service. For Network Integration Transmission  
4 Service customers, the advance payment for each month shall be  
5 based on a reasonable estimate by the Transmission Provider of the  
6 charge for that month. The Transmission Provider shall pay interest on  
7 any prepayments made pursuant to this Section C.1(ii) at the rates  
8 established in 18 C.F.R. § 35.19a(2)(iii).
- 9 Where applicable, all uncreditworthy customers applying for new service that fail  
10 to meet Section B's creditworthiness criteria shall also pay the application  
11 deposits required by either Sections 17.3 or 29.2 of the Tariff.
- 12 **C.2. Existing Transmission Customers:** Any Transmission Customer that  
13 originally meets the creditworthiness requirements of Section B and  
14 subsequently fails to meet those requirements after it requests Transmission  
15 Service but before termination of that service shall:
- 16 C.2.i. Within five (5) business days of receipt of a notice from the  
17 Transmission Provider, provide the Transmission Provider an acceptable  
18 form of financial assurance permitted by this Attachment L that is equal to  
19 the Transmission Customer's average monthly Transmission Services  
20 charge for the applicable Transmission Service; and
- 21 C.2.ii. Within thirty-five (35) calendar days of such notification, provide the  
22 Transmission Provider either: (a) an unconditional and irrevocable letter  
23 of credit that is equal to two (2) times the Transmission Customer's  
24 average monthly Transmission Services charge for the applicable  
25 Transmission Service, including losses; or (b) an equivalent alternate  
26 form of financial assurance pursuant to Section E; or
- 27 C.2.iii. arrange to prepay for Transmission Service in accordance with the  
28 procedures set forth in Section C.1(ii). Provided, however, the  
29 Transmission Customer must provide the Transmission Provider

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- 1 payment for all outstanding Transmission Service charges no later than  
2 five (5) business days prior to the beginning of the next month.
- 3 C.3. The average monthly Transmission Service charge for Sections C.2 (i)  
4 and (ii) will be based on the Transmission Customer's charges during the  
5 preceding twelve (12) months for the applicable Transmission Service. If the  
6 Transmission Customer has not yet been purchasing service for twelve (12)  
7 months, then the average will be the higher of either: (a) the average of the  
8 monthly cost of service to date; or (b) the average value specified in Section  
9 C.1.
- 10 C.4. **Right to Protect Against Additional Risk of Non-payment:** All  
11 financial assurances calculated and collected pursuant to Sections C.1 and  
12 C.2 must be sufficient to protect the Transmission Provider from the risk of  
13 non-payment with respect to an uncreditworthy Transmission Customer  
14 during the entire term of such customer's Transmission Service Agreement.  
15 Accordingly, after an uncreditworthy customer has provided the Transmission  
16 Provider financial assurances pursuant to Sections C.1 or C.2, the  
17 Transmission Provider will monitor the amount of such customer's  
18 Transmission Services charges to ensure that it has provided a sufficient  
19 amount of security to protect the Transmission Provider against the risk of  
20 non-payment. If a Transmission Customer is not in Default pursuant to  
21 Section 7.3, then the Transmission Customer shall provide the adjusted  
22 amount of financial assurances required pursuant to this Section C.3 within  
23 thirty-five (35) calendar days of receipt of a notice from the Transmission  
24 Provider. A Transmission Customer will not be required to adjust its financial  
25 assurances pursuant to this Section C.3 more than twice every twelve (12)  
26 months.
- 27 C.4.i. **Adjustment of Financial Assurances Provided Pursuant to**  
28 **Section C.1:** If a Transmission Customer provided security when initially  
29 applying for service pursuant to Section C.1 and the Transmission  
30 Provider determines that the Transmission Customer's actual average  
31 monthly Transmission Services charges over any subsequent twelve (12)  
32 month period exceed the original average

1 estimated charges for transmission and ancillary services upon which a  
2 financial assurance initially was based, then the Transmission Customer  
3 must increase its financial assurance to be equal to three (3) times its current  
4 actual average monthly purchases of Transmission Service. The value of the  
5 actual average monthly purchases of Transmission Services evaluated  
6 pursuant to this Section C.3.i will be based on the preceding twelve (12)  
7 month period as measured from the date immediately prior to the  
8 Transmission Provider's credit re-evaluation. Pursuant to Section C.1, the  
9 sum of any required security will include, where applicable, any application  
10 deposits required pursuant to Sections 17.3 or 29.2.

11 **C.4.ii. Adjustment of Financial Assurances Provided Pursuant to**  
12 **Section C.2:** If a Transmission Customer provided security pursuant to  
13 Section C.2 and the Transmission Provider determines that the  
14 customer's actual average monthly purchases of Transmission Services  
15 over a subsequent twelve (12) month period exceed the original monthly  
16 average for charges for transmission and ancillary services upon which  
17 the amount of a financial assurance initially was based, then the  
18 Transmission Customer must increase the amount of its financial  
19 assurance to be equal to three (3) times its actual average purchases of  
20 Transmission Service. The value of the actual average monthly  
21 purchases of Transmission Services evaluated pursuant to this Section  
22 C.3.ii will be based on the preceding twelve (12) month period as  
23 measured from the date immediately prior to the Transmission Provider's  
24 credit reevaluation.

25 **C.4.iii. Transmission Customer Right To Request A Credit Reevaluation:**  
26 Transmission Customers may make reasonable requests for the  
27 Transmission Provider to re-evaluate their creditworthiness pursuant to  
28 the relevant standard established in either Section C.4.i or C.4.ii. Based  
29 on such a re-evaluation, if appropriate, the Transmission Provider will  
30 reduce the amount of financial security requested from a Transmission  
31 Customer if an

- 1 analysis of its transmission usage over the preceding twelve (12) month  
2 period indicates that the customer has provided security in excess of that  
3 required by this Attachment L.
- 4 **C.4.iv. Right to Draw Upon Financial Assurances Upon Default:** The  
5 Transmission Provider has the right to liquidate, or draw upon, all or a  
6 portion of a Transmission Customer's form of financial assurance(s) in  
7 order to satisfy a Transmission Customer's total net obligations to the  
8 Transmission Provider upon a Default pursuant to Section 7.3 of the  
9 Tariff. A Transmission Customer shall replace any liquidated, or drawn-  
10 upon, financial assurances pursuant to the timeframe delineated in  
11 Section C.2.
- 12
- 13 **C.5. Notice:** The Transmission Provider's notification to a Transmission  
14 Customer will inform the Transmission Customer:
- 15 C.5.i. that it is not creditworthy pursuant to this Attachment L, or in  
16 accordance with Section C.3, that it must adjust previously provided  
17 financial assurances;
- 18 C.5.ii. why it is not creditworthy or why it must adjust previously provided  
19 financial assurances;
- 20 C.5.iii. that it must provide any required financial assurances by the deadlines  
21 specified in the notice; and that the Transmission Provider may take  
22 corrective actions, including suspension of service pursuant to Section D,  
23 if the Transmission Customer fails to provide the required financial  
24 assurances by the specified deadlines.
- 25 C.5.iv. All notices sent to a Transmission Customer pursuant to this Section  
26 C.5 shall be in writing and shall be sent to the Transmission Customer by  
27 telefax or overnight courier at the respective telephone number or courier  
28 address specified in the Transmission Customer's application for  
29 Transmission Service (or such other address as the Transmission  
30 Customer may have designated in writing to the Transmission Provider)

1 and shall become effective upon actual receipt as evidenced by telefax  
2 confirmation sheet or tracking information provided by the overnight courier,  
3 as the case may be.

4

5 **D. Suspension of Service:** The Transmission Provider may suspend  
6 Transmission Service if:

7 D.1. a Transmission Customer that is not in Default pursuant to Section 7.3 of  
8 this Tariff fails to provide the entirety of three (3) months of required financial  
9 assurances (or the entirety of any additional financial assurances required  
10 pursuant to Section C.3 or C.4) within thirty-five (35) calendar days after  
11 Transmission Provider's notification to such Transmission Customer  
12 pursuant to Section C.3. Transmission Provider will provide at least thirty (30)  
13 calendar days written notice to the Commission before suspending  
14 Transmission Service; or

15 D.2. a Transmission Customer that is in Default pursuant to Section 7.3 of this  
16 Tariff fails to provide the entirety of the one month's requested financial  
17 assurance within five (5) business days after the Transmission Provider's  
18 notification to such Transmission Customer pursuant to Section C.  
19 Transmission Provider will provide five (5) calendar days written notice to the  
20 Commission before suspending Transmission Service. Any notices sent to  
21 the Transmission Customer and to the Commission pursuant to this Section  
22 D may be telefaxed/mailed concurrently. The suspension of service shall  
23 continue only for as long as the circumstances that entitle the Transmission  
24 Provider to suspend service continue. A Transmission Customer is not  
25 obligated to pay for Transmission Service that is not provided as a result of a  
26 suspension of service.

27

28 **E. Alternative Forms of Financial Assurance:** Transmission Customer may  
29 provide the following as acceptable alternative forms of financial assurance in  
30 the amounts specified in Sections C.1 or C.2:

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- 1        **E.1. Cash Deposit:** The Transmission Customer may provide a cash deposit  
2        that will be retained during the term of (and until full and final payment and  
3        performance of) any relevant Service Agreement. If a Transmission  
4        Customer has submitted multiple requests for Transmission Service, then the  
5        Transmission Provider may require a cash deposit for each Service  
6        Agreement. Cash deposits submitted as a form of financial assurance will be  
7        held by the Transmission Provider and the Transmission Customer will be  
8        paid an interest rate that is equal to the interest rate earned on the escrow  
9        account in which the cash deposit is held. The cash deposit can be made by  
10       wiring immediately available funds to the Transmission Provider's account.
- 11       **E.2. Surety Bond:** The Transmission Customer may provide, and maintain in  
12       effect during the term of (and until full and final payment and performance of)  
13       the applicable Service Agreement, a surety bond issued by a financial  
14       institution acceptable to Transmission Provider. If a Transmission Customer  
15       has submitted multiple requests for Transmission Service, then the  
16       Transmission Provider may require a surety bond for each Service  
17       Agreement. All costs associated with the issuance and maintenance of a  
18       surety bond shall be paid by the Transmission Customer. A draft, acceptable  
19       form of a surety bond shall be posted on OASIS.
- 20
- 21       **F. Return of Financial Assurances upon Re-establishment of**  
22       **Creditworthiness:** If a Transmission Customer re-establishes creditworthiness  
23       pursuant to Section B, then upon verification by Transmission Provider, all  
24       financial assurances will be returned (or terminated, if applicable) to the  
25       Transmission Customer with interest (if applicable), upon payment of all past  
26       due balances to the Transmission Provider pursuant to the Tariff.

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