



October 11, 2012

Via eFiling

Honorable Kimberly D. Bose, Secretary
Nathaniel J. Davis, Sr., Deputy Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Florida Power & Light Company,
Docket No. ER13-____-000

Dear Secretary Bose and Deputy Secretary Davis:

In compliance with the Commission's Order No. 1000¹ and Section 206 of the Federal Power Act ("FPA"), Florida Power & Light Company ("FPL") respectfully submits this compliance filing. This compliance filing is being effected through revisions to the transmission planning process currently set forth in the FPL Open Access Transmission Tariff ("OATT") in Attachment K.² In addition, FPL is also taking this opportunity to make some minor "housekeeping" changes to Attachment K that are not directly related to the Order No. 1000 requirements.

This compliance filing contains the appendices listed below:

- Appendix A: Clean Attachment K; and
- Appendix B: Red-lined Attachment K.

I. COMMUNICATIONS & SERVICE

FPL is serving an electronic copy of this filing on all of its OATT customers by email as well as on the Florida Public Service Commission ("FPSC"). The filing will be posted on the FPL OASIS website at www.oatioasis.com/fpl under OATT Documents.

¹ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011) ("Order No. 1000" or "Final Rule"), *on reh'g and clarification*, Order No. 1000-A, 139 FERC ¶ 61,132 (2012) ("Order No. 1000-A"), *reh'g and appeal pending*.

² The FPL OATT is available here, https://www.oatioasis.com/FPL/FPLdocs/FPL_OATT_from_Clarify_Clean_7-1-12_w_new_S4_S9.pdf.

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FPL requests that questions or other communications regarding this filing be addressed to:

Pedro Modia
Director, Transmission Services & Planning
Florida Power & Light Company
4200 West Flagler Street
Miami, Florida 33134
(305) 442-5246
pedro.modia@fpl.com

Kenneth A. Hoffman
Vice President, Regulatory Affairs
Florida Power & Light Company
215 S. Monroe Street, Suite 810
Tallahassee, FL 32301
(850) 521-3919
ken.hoffman@fpl.com

Stephen L. Huntoon
Senior Attorney
Florida Power & Light Company
801 Pennsylvania Avenue, N.W., Suite 220
Washington, D.C. 20004
(202) 349-3348
stephen.huntoon@fpl.com

II. INTRODUCTION

The proposed Attachment K filed today is the culmination of many months of work by FPL, JEA, Orlando Utilities Commission, Progress Energy Florida and Tampa Electric Company (collectively, “the Florida Sponsors”), and other stakeholders in the transmission planning process in Florida. This proposed Attachment K is the same or virtually the same as the Attachment K or N-2 being filed by the other Florida Sponsors (hereafter referred to collectively as “Attachment K/N”).

The Florida Sponsors of Attachment K/N are three investor-owned public utilities in Florida and two large municipal utilities. Together the Florida Sponsors represent approximately 83% of the net energy for load in the Florida Reliability Coordinating Council, Inc. (“FRCC”) Region (Florida east of the Apalachicola River) and, accordingly, represent the vast majority of the retail customers and stakeholders in the FRCC Region. In recognition that the Florida Sponsors are themselves major stakeholders in the FRCC Region, the Florida Sponsors have denoted certain other stakeholders which actively participated in the Order No. 1000 process via written comments as “Other Stakeholders.” These are: Seminole Electric Cooperative; Florida Municipal Power Agency; and LS Power.

The Florida Sponsors note that the FPSC, which has statutory oversight over transmission planning and expansion in Florida, actively participated in the stakeholder process.

III. BACKGROUND ON FPL AND FRCC TRANSMISSION PLANNING

FPL plans for the existing and future requirements of all transmission system customers in a coordinated, open, comparable, non-discriminatory and transparent manner, both at the local and regional level. The transmission planning process summarized herein and detailed in proposed Attachment K/N includes transmission service for native load customers, network customers, firm point-to-point transmission customers, and generator interconnection service for interconnection customers. The transmission planning process is intended to provide transmission customers the opportunity to interact with FPL's transmission planning personnel in order for transmission customers to provide timely and meaningful input into the development of the transmission plan.

FPL's local transmission planning process was enhanced with the implementation of Order No. 890 and is detailed in Appendix 1 of proposed Attachment K/N. The Commission approved this local transmission planning process as part of the Order No. 890 compliance approval process.³ As described herein, FPL's local transmission planning process works in conjunction with, and is an integral part of, the FRCC's regional transmission planning process which facilitates coordinated planning by all transmission providers, owners and stakeholders within the FRCC Region.

The FRCC is one of the North American Electric Reliability Corporation ("NERC") Regional Reliability Organizations, with responsibility for maintaining grid reliability in the FRCC Region. This region is electrically unique because it is a peninsula and is tied to the Eastern Interconnection only on one side. FRCC's members include investor owned utilities, cooperative utilities, municipal utilities, power marketers, and independent power producers. The FRCC members include all of the Florida Sponsors and the Other Stakeholders, with the exception of LS Power. The FRCC Board of Directors has the responsibility to ensure that the FRCC regional transmission planning process is fully implemented. The FRCC Planning Committee, which includes representation by all FRCC members, directs the FRCC Transmission Working Group, in conjunction with the FRCC staff, to conduct the necessary studies to fully implement the FRCC regional transmission planning process. The descriptions of the FRCC regional transmission planning process set forth in Attachment K/N summarize the elements of that process as they relate to FPL and the principles of Order No. 890 and Order No. 1000.

The FRCC Region has had a long history of supporting coordinated planning dating back to the 1960s. Therefore, when Order No. 890 was issued, it was a natural evolution of the FRCC transmission planning process to be modified to incorporate the

³ FPL's Order No. 890 filings were approved in a series of FERC orders: *Tampa Electric Company*, 124 FERC ¶ 61,026 (2008) ("First 890 Order"), *Tampa Electric Company*, 127 FERC ¶ 61,277 (2009) ("Second 890 Order"), Letter Order (May 12, 2010) ("Third 890 Order") (collectively "890 Compliance Orders").

changes needed to support compliance with Order No. 890. When examining the Order No. 1000 compliance requirements, it was also believed that it would be a natural evolution for the FRCC transmission planning process to incorporate the needed changes to support compliance with Order No. 1000. The FRCC transmission planning process already provides many of the features identified in Order No. 1000, such as the development of a regional transmission plan.

The FRCC regional transmission planning process is intended to ensure the long-term reliability and economic needs of the bulk power system in the FRCC Region.⁴ An objective of the FRCC process is to ensure coordination of the transmission planning activities within the FRCC Region in order to provide for the development of a reliable and economically robust transmission network in the FRCC Region. The process is intended to develop a regional transmission plan to meet the existing and future requirements of all customers/users, providers, owners, and operators of the transmission system in a coordinated, open and transparent manner.

The FRCC process *begins* with the consolidation of the long term transmission plans of all of the transmission owners/providers in the FRCC Region. Detailed evaluation and analysis of these plans is conducted by the Transmission Working Group/Stability Working Group, in concert with the FRCC staff, and managed by the Planning Committee. Such evaluation and analysis provides the basis for possible recommended changes to individual system plans that, if implemented, would result in a more reliable and robust transmission system for the FRCC Region.

The assessment of the long-term transmission plan is comprehensive and in-depth. While the final regional transmission plan may not call for the construction of all transmission facilities identified in various sensitivities, the assessment provides valuable information on the strength of the transmission system to aid in understanding how the system would perform in various situations.

The examination of multiple expected system conditions is performed, including an assessment of areas with recurring, significant congestion. As determined by the Planning Committee, these conditions or sensitivities may include any of, but not be limited, to:

- Transmission and/or generation facilities unavailable due to scheduled and/or forced outages.
- Weather extremes for summer and winter periods.

⁴ This description is drawn in large part from FRCC Regional Transmission Planning Process document available at https://www.frcc.com/Planning/Shared%20Documents/FRCC_Regional_Transmission_Planning_Process.pdf.

- Different load levels (e.g., 100%, 80%, 60%, 40%) and/or periods of the year (Winter, Spring, Summer and Fall).
- Various generation dispatches that test or stress the transmission system which may include economic dispatch from all generation (firm and non-firm) in the region.
- Reactive supply and demand assessment (e.g. generator reactive limits, power factor, etc.).
- A specific area where a combination/cluster of generation and load serving capability is among various transmission owners/providers in the FRCC that continually experience or is expected in the future to experience significant transmission congestion on their transmission facilities will be reviewed annually and restudied as required. The analysis is required to reflect the upgrades necessary to integrate new generation resources and/or loads on an aggregate or regional (cluster) basis.

For the first 5 years of the planning period, a detailed evaluation is conducted. For years 6 through 10, a more generalized higher-level study is conducted. The Planning Committee submits a formal report of the assessment and findings, including any recommendations, to the Board. Such report includes an action plan that identifies:

- Any recommended modifications to transmission owners'/providers' long term plans that, in the judgment of the Planning Committee, offer worthwhile enhancements to regional transmission grid reliability.
- The identification of those elements of the recommended plan that cannot be implemented due to the inability to obtain the required commitments of the affected transmission owner(s)/provider(s) and user(s) to implement the plan.
- The identification of an alternative plan that has the commitment of the affected transmission owner(s)/provider(s) and user(s) with regard to implementation.
- Any minority views expressed by any member of the Planning Committee as well as the identification of any unresolved issues.

The FPSC is an integral part of the FRCC planning process and provides input, guidance, regulatory oversight and decision-making for this process. Additionally, the FPSC conducts workshops on an annual basis to review the transmission and generation expansion plans for Florida. As discussed in more detail below, the FPSC, under Florida law, has the authority to ensure an adequate and reliable electric system for Florida.

As described herein, FPL and the Florida Sponsors submit that this compliance

filing fully meets the Order No. 1000 requirements in a cost effective manner for the FRCC Region, while building on the strong foundation that has been in place for many years to support transmission planning within the FRCC Region.

IV. RELATIONSHIP OF ATTACHMENT K/N TO FLORIDA REGULATION

In Florida, there are a number of statutory provisions governing the FPSC's jurisdictional authority over transmission. The FPSC has broad authority under Sections 366.04(2)(c), and 366.05(8), Florida Statutes, over transmission grid-related matters (the "Grid Bill"). The FPSC is vested with jurisdiction over the planning, development, and maintenance of a coordinated electric grid throughout Florida.

The FPSC's ratemaking authority requires, in Section 366.03, Florida Statutes, that all rates and charges made by a utility be fair and reasonable. Section 366.041, Florida Statutes, states that in fixing rates the FPSC must give consideration to "the cost of providing such service and the value of such service to the public."

Section 403.537, Florida Statutes, states that the FPSC is responsible for ensuring that abundant, low cost electrical energy is provided to assure the economic well-being of the residents of the State.

Section 403.537(1)(b) of the Florida Statutes states that the FPSC is the sole determiner of need for a transmission line. The FPSC implementing rule, Rule 25-22.076(4) of the Florida Administrative Code, requires utilities to file a summary of the major alternative transmission lines or transmission improvements which were examined and evaluated by the utility, including a discussion of the performance of each alternative in terms of economics, reliability, long-term flexibility and usefulness, or other relevant factors.

In the enforcement of these responsibilities, each electric utility in Florida is required pursuant to Chapter 186 of the Florida Statutes to file Ten Year Site Plans annually with the FPSC. These plans identify the utilities' forecasts of system load, demand-side conservation achievements, and plans for generation and transmission additions required to serve the electrical requirements of Florida's customers. These plans are reviewed by the FPSC, and a report of their suitability from a planning perspective is provided to the Florida Legislature. Ultimately, as a utility's plans come to fruition with the construction of additional bulk power facilities, the FPSC must determine and approve the need for major new generation and transmission facility additions pursuant to the Florida Electrical Power Plant Siting and Transmission Line Siting Acts (Sections 403.52-403.5365).

As can be seen from the above, the FPSC has significant jurisdictional authority over the transmission grid. Therefore, it was constructive that in Order Nos. 1000 and

1000-A the Commission reiterated its commitment to respect state jurisdiction over the siting, permitting, and construction of transmission facilities.⁵

In addition, Order Nos. 1000 and 1000-A respect the state's Integrated Resource Planning ("IRP") processes.⁶ The FPSC in their April 25, 2007 reply comments (page 5) in the Standards of Conduct proceeding, FERC Docket No. RM07-1-000, explained that the Florida Ten Year Site Plan process is equivalent to what is now called the IRP process:

The Florida statutory provisions for planning and implementation date to the early 1970's and as such do not contain the moniker "integrated resource planning." The process, however, strives to find an optimized solution that integrates energy efficiency, load control, and generating plant and transmission additions into an integrated resource plan. Again, Florida statutes speak to the FPSC having "jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida" Consequently, the utilities in Florida plan the electric grid to serve both retail and wholesale customers.

Order No. 1000 at paragraph 66 further states: "...nothing in the Order requires that a facility in a regional transmission plan or selected in a regional transmission plan for purposes of cost allocation be built, nor gives any entity permission to build a facility, nor relieves any developer from obtaining all approvals required."

Therefore, the Commission has recognized the division of state and federal jurisdictional authority, and it is against this backdrop that the Florida Sponsors have developed their compliance filings.

V. KEY COMPLIANCE FEATURES

At the outset, FPL appreciates the Commission recognizing the need to allow for regional differences.⁷ As discussed above, the FRCC Region has vertically integrated utilities that utilize IRP processes which Order No. 1000 respects. IRP processes are used to determine the resources required to meet reliability, economic and public policy needs, including transmission resources. Also as discussed above, the FPSC has broad authority over transmission planning. This integrated utility and regulatory environment greatly influenced the development of this Order No. 1000 compliance filing.

⁵ Order No. 1000 at P 107; Order No. 1000-A at P 188.

⁶ Order No. 1000, P 154 and P 156; Order No. 1000-A, P 177. Order No. 1000, P 154 states: "... the regional transmission planning process is not the vehicle by which integrated resource planning is conducted."

⁷ Order No. 1000 at P 61, P 604 and P 624; Order No. 1000-A at P 676.

This section discusses some of the key compliance features contained in this filing.

A. Transmission Planning Region

The Florida Sponsors believe the FRCC Region should continue to be the transmission planning region for Order No. 1000 compliance. The FRCC Region was approved by the Commission as a planning region during Order No. 890 compliance approval process. The Commission identified the FRCC Region as an Order No. 890 compliant transmission planning region in Order No. 1000.⁸ The basis for selecting the FRCC Region as the appropriate transmission planning region for the implementation of Order No. 1000 has not changed from the analysis that was used during the Order No. 890 process. The FRCC has a long history of providing coordinated support for Peninsular Florida, and the FRCC Region has limited interconnections with other areas. The FRCC Region is also larger than some of the other planning regions (*e.g.*, the California ISO, ISO-New England, and the New York ISO).⁹

B. Governance

The Commission reviewed and accepted the current FRCC voting structure governance in the Order No. 890 compliance proceeding.¹⁰ Small changes subsequently made in the FRCC governance have not affected the long-standing FRCC Board voting structure. The FRCC Bylaws, including this FRCC Board voting structure, were approved on December 19, 2001, by a unanimous vote, which included each of the Florida Sponsors as well as the other stakeholders which were members of the FRCC.¹¹

C. Development of a Transmission Plan

Order No. 1000 requires the development of a transmission plan.¹² The FRCC Region already produces a transmission plan as required by Order No. 1000.

⁸ Order No. 1000 at P 21 n. 16.

⁹ Using as a basis of comparison the 2011 peak summer demands: FRCC - 46,091 MW; California ISO – 45,809 MW; ISO-New England – 27, 550 MW; and New York ISO – 32, 712 MW. Source of the data is the NERC “2011 Long Term Reliability Assessment” published in November 2011.

¹⁰ See FPL Order No. 890 compliance filing, Docket No. OA08-29, of August 17, 2009, and FERC acceptance of this compliance filing in its Letter Order (May 12, 2010) (“Third 890 Order”).

¹¹ Governance is specifically being identified in that the Other Stakeholders raised concern over the FRCC governance structure during the Order No. 1000 stakeholder process. Such concerns were not raised in the Order No. 890 stakeholder process nor in the earlier 2001 vote on the FRCC voting structure.

¹² Order No. 1000 at P 151 n. 142.

D. Regional Transmission Planning Process

1. Threshold Criteria

In an effort to provide the appropriate recognition of both the federal and state jurisdictional authority over the transmission system in Florida, the Florida Sponsors' compliance proposal uses the Florida Transmission Line Siting Act ("TLSA") criteria as the basic threshold criteria for proposed Cost Effective and/or Efficient Regional Transmission Solution ("CEERTS") projects selected for regional cost allocation. The Florida Sponsors believe that the TLSA criteria, generally a transmission line that is 230 kV or above, appropriately allow the state certification process to mesh with CEERTS project review and cost allocation under Order No. 1000.

2. Start with Roll-Up of Individual Utility Local Transmission Plans

The Florida Sponsors believe it is appropriate to continue the long-standing approach of beginning the development of the regional transmission plan with a roll-up of the individual utility local transmission plans, as provided for in Order No. 890. This reflects the "bottom-up" regional planning approach that is permitted in Order Nos. 1000 and 1000-A. These Orders recognize the continued importance of "local" transmission projects that are not subject to regional cost allocation. Below are examples from the Orders related to local transmission projects/plans and the bottom-up approach to transmission planning that builds upon these projects and plans:

- "[T]he Commission recognizes that each transmission planning region has unique characteristics and, therefore, this Final Rule accords transmission planning regions significant flexibility to tailor regional transmission planning and cost allocation processes to accommodate these regional differences."¹³
- Local Projects are those not subject to regional cost allocation. The Commission explained that "[regional] transmission facilities often will **not** comprise all of the transmission facilities in the regional transmission plan; rather, such transmission facilities may be a subset of the transmission facilities in the regional transmission plan. For example, such transmission facilities do not include a transmission facility in the regional transmission plan but that has not been selected in the manner described above, such as a local transmission facility or a merchant transmission facility."¹⁴
- "We agree with commenters that public utility transmission providers should have flexibility in determining the most appropriate manner to enhance existing regional transmission planning processes to comply with this Final Rule. As a result, and consistent with our approach in Order No. 890, we will

¹³ *Id.* at P 61.

¹⁴ *Id.* at P 63 (emphasis added).

not prescribe the exact manner in which public utility transmission providers must fulfill the requirements of complying with the regional transmission planning principles. We allow public utility transmission providers developing the regional transmission planning processes to craft, in consultation with stakeholders, requirements that work for their transmission planning region.”¹⁵

- “[W]e note that a public utility transmission provider’s regional transmission planning process may utilize a “top down” approach, a “bottom up” approach, or some other approach so long as the public utility transmission provider complies with the requirements of this Final Rule. Public utility transmission providers have flexibility in developing the necessary enhancements to existing regional transmission planning processes to comply with this Final Rule, based upon the needs and characteristics of their transmission planning region.”¹⁶
- “...an incumbent transmission provider may meet its reliability needs or service obligations by building new transmission facilities that are located solely within its retail distribution service territory or footprint. The Final Rule continues to permit an incumbent transmission provider to meet its reliability needs or service obligations by choosing to build new transmission facilities that are located solely within its retail distribution service territory or footprint and that are not submitted for regional cost allocation.”¹⁷
- “As Edison Electric Institute notes, in those regions relying on “bottom up” local transmission planning, a transmission facility that is in a public utility transmission provider’s local transmission plan might be “rolled-up” and listed in a regional transmission plan to facilitate analysis at the regional level.”¹⁸
- “Through the reforms to regional planning required in this Final Rule, the Commission is seeking to ensure that a robust process is in place to identify and consider regional solutions to regional needs, whether initially identified through “top down” or “bottom up” transmission planning processes.”¹⁹

¹⁵ *Id.* at P 157.

¹⁶ *Id.* at P 158.

¹⁷ *Id.* at P 262.

¹⁸ *Id.* at P 318.

¹⁹ *Id.* at P 320.

- “Specifically, Order No. 1000 requires public utility transmission providers to develop a regional transmission planning process that complies with the Order No. 890 transmission planning principles and that produces a regional transmission plan. Within these parameters, public utility transmission providers, in consultation with stakeholders, have the flexibility to ensure that their respective regional transmission planning process is designed to accommodate the unique needs of that particular region.”²⁰
- “Order No. 1000 continues to permit an incumbent transmission provider, such as PSEG Companies, to meet its reliability needs or service obligations by choosing to build new transmission facilities that are located solely within its retail distribution service territory or footprint as long as the transmission provider does not receive regional cost allocation for the facilities.”²¹
- Order No. 1000 does not prevent an incumbent transmission provider from meeting its reliability needs or service obligations by choosing to build new transmission facilities that are located solely within its retail distribution service territory or footprint and that are not selected in a regional transmission plan for purposes of cost allocation.²²
- “[W]e note again that Order No. 1000 continues to permit an incumbent transmission provider to meet its reliability needs or service obligations by choosing to build new transmission facilities that are located solely within its retail distribution service territory or footprint and that are not selected in a regional transmission plan for purposes of cost allocation. Accordingly, we disagree with petitioners that argue that a federal right of first refusal for reliability project is necessary for incumbent transmission providers to meet reliability needs or service obligations.”²³

Continuing the long-standing roll up of individual transmission plans is appropriate and is recognized as such by the Commission.

3. Regional Transmission Projects and Proposed Use of a Project Sponsorship Model

Order No. 1000 requires that the regions evaluate potential regional transmission solutions that might be more cost effective and/or efficient for the transmission planning

²⁰ Order No. 1000-A at P 266.

²¹ *Id.* at P 368 (emphasis added).

²² *Id.* at P 425.

²³ *Id.* at P 428.

region. As previously noted, the Florida Sponsors call these projects “CEERTS projects.” These CEERTS projects would be subject to regional cost allocation and would, except as provided for in Order No. 1000, be open to both incumbent and non-incumbent transmission developers to construct and operate under the terms of Attachment K/N.²⁴

The Florida Sponsors propose a project sponsorship model for the submission of CEERTS projects. This approach is fully supported by Order Nos. 1000 and 1000-A which require the transmission planning regions to evaluate potential alternative projects (such as CEERTS projects) identified by stakeholders. Below are excerpts from the Orders that support this compliance approach:

- Order No. 890’s “improvements to transmission planning processes have given stakeholders the ability to participate in the identification of regional transmission needs and corresponding solutions, thereby facilitating the development of more efficient and cost-effective transmission expansion plans.”²⁵
- “These reforms work together to ensure that public utility transmission providers in every transmission planning region, in consultation with stakeholders, evaluate proposed alternative solutions at the regional level that may resolve the region’s needs more efficiently or cost-effectively than solutions identified in the local transmission plans of individual public utility transmission providers.”²⁶
- “[W]hen an individual public utility transmission provider engages in local transmission planning, it considers and evaluates transmission facilities and non-transmission alternatives that are proposed and then develops a local transmission plan that identifies what transmission facilities are needed to meet the needs of its native load (if any), transmission customers, and other stakeholders. . . . In some transmission planning regions, a similar level of analysis is undertaken by public utility transmission providers at the regional level, resulting in the development of a regional transmission plan that identifies those transmission facilities that are needed to meet the needs of stakeholders in the region. This occurs, for example, in each of the existing RTO and ISO regions, which, we note, serve over two-thirds of the nation’s consumers. In other transmission planning regions, however, as permitted by Order No. 890, public utility transmission providers use the regional

²⁴ It should be noted that incumbent transmission providers would be non-incumbent transmission providers if they were proposing to build a CEERTS project in another utility’s footprint.

²⁵ Order No. 1000 at P 21 (emphasis added).

²⁶ *Id.* at P 68 (emphasis added).

transmission planning process as a forum to confirm the simultaneous feasibility of transmission facilities contained in their local transmission plans. We conclude that it is necessary to have an affirmative obligation in these transmission planning regions to evaluate alternatives that may meet the needs of the region more efficiently or cost-effectively.”²⁷

- The Commission’s discussion with respect to qualification criteria applicable to potential project sponsors suggests that alternative solutions are identified when they are proposed by a potential sponsor. The Commission “requires each public utility transmission provider to revise its OATT to demonstrate that the regional transmission planning process in which it participates has established appropriate qualification criteria for determining an entity’s eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation, whether that entity is an incumbent transmission provider or a non-incumbent transmission developer.”²⁸
- “[I]nformation requirements must identify in sufficient detail the information necessary to allow a proposed transmission project to be evaluated in the regional transmission planning process on a basis comparable to other transmission projects that are proposed in the regional transmission planning process.”²⁹
- “[T]he Commission requires each public utility transmission provider to amend its OATT to describe a transparent and not unduly discriminatory process for evaluating whether to select a proposed transmission facility in the regional transmission plan for purposes of cost allocation.”³⁰
- When discussing a region’s evaluation of potential projects in Order No. 1000-A, the Commission again indicated that the region’s role is to evaluate projects that are proposed by potential developers, clarifying “that the public utility transmission providers in a transmission planning region must use the same process to evaluate a new transmission facility proposed by a non-incumbent transmission developer as it does for a transmission facility proposed by an incumbent transmission developer. In Order No. 1000, the Commission required each public utility transmission provider to adopt a

²⁷ *Id.* at PP 79-80 (emphasis added).

²⁸ *Id.* at P 323 (emphasis added).

²⁹ *Id.* at P 326 (emphasis added).

³⁰ *Id.* at P 328.

transparent and not unduly discriminatory evaluation process that complies with the Order No. 890 transmission planning principles”³¹

- The Commission states that it requires nothing more than an open and transparent identification and evaluation process that allows for stakeholders to submit their views and proposals for transmission needs driven by Public Policy Requirements. Not every proposal submitted will be identified for further evaluation. The OATT revisions submitted in compliance filings will detail the process for submitting input and process for determining which proposals will be identified for further evaluation.³²

CEERTS project sponsorship and review will entail incremental costs to the FRCC. This compliance filing includes two separate deposits required for CEERTS projects. These deposits are:

- Deposit for the study evaluation process – This is defined in Section 1.2.4.A.7 as:

A deposit of \$100,000 for each \$10,000,000 of estimated project cost, capped at a maximum deposit of \$500,000 for each CEERTS project, which will be used for FRCC internal analysis costs as well as any out-of-pocket expenses such as for independent consultants (unexpended amounts shall be refunded to the project sponsor). The actual costs incurred by the FRCC to analyze the CEERTS project will be borne by the project sponsor and the deposit will be trued up based on the documented cost of the analysis.

In developing the proposed amount for this deposit, the Florida Sponsors reviewed the typical study costs incurred by the utilities to perform generation interconnection requests, recognizing that a CEERTS project would typically span multiple utility footprints and interconnect at multiple locations. Also factored in is the cost of the CEERTS financial evaluation process that does not exist for generation interconnection requests.

- Deposit for CEERTS project developer qualification review - This is defined in Section 1.2.11.B and reads in part:

...the project developer must submit a qualification application and a deposit of \$50,000 to the FRCC (unexpended amounts from the deposit shall be refunded to the project developer).

³¹ *Id.* at P 454 (emphasis added).

³² Order No. 1000-A at P 321.

This deposit would only be required the first time a transmission project developer is requesting to build a CEERTS project. This deposit is designed to support the expense that would be incurred by the FRCC hiring an outside consultant to review the transmission project developer's qualifications. The Florida Sponsors believe that this recommended deposit is in line with the actual expenses that would be incurred for this type of evaluation.

4. Regional Project Upgrades and Right of First Refusal ("ROFR")

FPL's current OATT does not provide for any entity other than the transmission providers (and Network Customers which earn credits through OATT Section 30.9) to receive any form of compensation or credit for constructing or operating transmission facilities.³³ Order No. 1000 requires transmission providers to amend their tariffs to allow non-incumbents to build and own regional transmission facilities, but clearly did not include "local transmission facilities."³⁴ Additionally, the Commission stated that transmission providers would retain ROFRs for certain other facilities that would not necessarily meet the definition of local transmission facilities:

... an incumbent transmission provider would be permitted to maintain a federal right of first refusal for upgrades to its own transmission facilities.³⁵

It is the combination of these various provisions which sets the parameters as to which projects must be "eligible" for development by non-incumbent transmission developers. Namely, an eligible project must: 1) be a project selected in a regional transmission planning process for purposes of cost allocation because it is a more efficient or cost-effective solution to a regional transmission need; 2) must not be an upgrade to another entity's transmission facilities; and 3) must not be a local transmission facility.

The Florida Sponsors reflected these Commission decisions in the OATT Attachment K/N, Sections 1.2.10 and 1.2.17. These provisions allow any CEERTS project sponsor to propose a project that includes upgrades to existing facilities, but allows the owner of that facility to design, build, operate, and maintain that portion of the CEERTS project.

In Order No. 1000, the Commission affirmed that its reforms were "not intended to alter an incumbent transmission provider's use and control of its existing rights-of-way." Order No. 1000 at P 319. The Commission further clarified this provision in

³³ Sections of Attachment K/N, such as 9.3.1 and 9.3.4, state that only the existing Transmission Owner is responsible for upgrading and expanding its transmission system.

³⁴ Order No. 1000 at P 258 ("... this Final Rule does not require removal of a federal right of first refusal for a local transmission facility, as that term is defined herein.").

³⁵ Order No. 1000 at P 319.

Order No. 1000-A at P 427: "...the Commission reiterates that the nonincumbent transmission developer reforms were not intended to alter an incumbent transmission provider's use and control of its existing rights-of-way under state law." This is reflected in Attachment K/N.

E. CEERTS Project Consideration

1. Background

Order No. 1000 provides that regional projects "could include transmission facilities needed to meet reliability requirements, economic considerations, and/or meet transmission needs driven by Public Policy Requirements."³⁶ Order No. 1000 further states that the Commission requires "that a public utility transmission provider have in place a method, or set of methods, for allocating the cost of new transmission facilities selected in the regional transmission plan for purposes of cost allocation."³⁷ The IRP processes that are employed in the FRCC Region include reliability, economics and public policy considerations that result in a regional transmission plan that meets the needs of the region. Therefore any proposed CEERTS project would be displacing or avoiding projects that are in the regional transmission plan.

In the IRP process, the integrated utility's optimum approach to serving its load (and the resources necessary to achieve that service) is determined based on a significant amount of information such as market conditions, operating costs, operating characteristics, public policy requirements, and proprietary inputs such as fuel costs, heat rates, etc.³⁸ The use of public data for planning, which was proposed during the stakeholder collaborative discussions, and a generic model to analyze the economic impact of a proposed transmission project, would be fundamental departure from the IRP processes used in the FRCC Region.

Specifically with regard to regional economic considerations, there is no valid formula-type ("*ex ante*") methodology for economic projects on a regional basis. A formula-type methodology is not possible because the FRCC Region does not have a centralized energy market based on security constrained economic dispatch. Using production cost simulations to quantify benefits carries the invalid premise that the region is centrally dispatched on a production cost basis. If transmission projects were based on production cost simulations that assume centralized dispatch, then transmission would be built that would not provide the simulated benefit.

In light of this the Florida Sponsors had originally proposed that the benefit of a regional CEERTS project be measured by the avoided costs of planned projects that would not be necessary with the regional CEERTS project. Some stakeholders expressed

³⁶ *Id.* at P 148.

³⁷ Order No. 1000 at P 558.

³⁸ The utilities in the FRCC Region do not make proprietary fuel cost information (developed from individual contract negotiations) publicly available.

concern with that approach, and in response to that concern the Florida Sponsors proposed to identify economic factors that could be considered in the FRCC stakeholder process. However, because this "soft" approach would not be an *ex ante* methodology (such that stakeholders could determine in advance whether a given project would be approved), it would not appear to be compliant with Order No. 1000. Accordingly the Florida Sponsors have adopted the avoided cost methodology that they originally proposed.

Of course, as is the case today, other transmission cost allocation approaches can be negotiated by stakeholders outside of the formalized OATT Attachment K/N cost allocation approach for CEERTS projects, subject to appropriate regulatory approvals.

2. Description of the Avoided Transmission Cost Methodology

The concept of avoided transmission cost allocation is simple. The methodology is described in the OATT Attachment K/N, Section 9.4.3, as follows:

The cost allocation for CEERTS projects is based on avoided transmission costs. Avoided transmission costs are the costs of projects in the regional transmission plan that would otherwise have been constructed in the absence of an approved CEERTS project. The avoided transmission cost of each Transmission Provider that is provided by the CEERTS project is the benefit to that Transmission Provider. The avoided transmission cost of each Transmission Provider divided by total avoided transmission costs is multiplied by the CEERTS project cost to determine the CEERTS project cost allocated to each Transmission Provider. Examples of CEERTS cost allocation are provided in Appendix 4.

3. How the Avoided Transmission Cost Methodology Meets the Six Pricing Principles of Order No. 1000

Under the avoided transmission cost methodology, the costs of CEERTS projects are allocated to beneficiaries -- those transmission providers that do not have to incur capital costs for the avoided projects. The approach thus meets Pricing Principle 1.

As for Pricing Principle 2, there is no involuntary allocation to any beneficiary under the avoided transmission cost methodology. The transmission providers who are avoiding costs are agreeing through their OATT filings to be allocated costs on the basis of the costs being avoided.

As for Pricing Principle 3, the benefit to cost threshold for projects passing through an initial screen is set at anything greater than 1.0, which is less than the 1.25 upper limit of the threshold that the Commission permits under Order No. 1000.³⁹

³⁹ Order No. 1000 at P 646.

Since costs only may be allocated to transmission providers, all of which are in the FRCC Region, costs are allocated only to entities in the region in accordance with Pricing Principle 4.

As for Pricing Principle 5, the cost allocation method is transparent and based on a simple methodology. As mentioned previously, the OATT Attachment K/N, Section 1.2, describes the various steps taken from the initial CEERTS project proposal through all of the project evaluation steps. Specifically, Section 1.2.9 identifies the various FRCC CEERTS project cost evaluation processes and the various opportunities for the CEERTS project sponsor to be fully engaged and informed with regard to the cost evaluation process.

Finally, in accordance with Pricing Principle 6, the avoided cost allocation methodology has been explained in detail in the OATT and in the discussion above.

F. Public Policy

The Florida Sponsors acknowledge that there are specific compliance requirements related to public policy. Although the Florida Sponsors know of no current state, federal or local public policy requirements that are driving regional transmission needs, the Florida Sponsors have included in the proposed OATT Attachment K/N, Section 11.1, a process for the identification and evaluation of public policies that could potentially drive regional transmission needs. The Florida Sponsors note that all utilities in the FRCC Region must comply with public policy requirements that are part of their individual IRP processes.

G. Enrollment

The Florida Sponsors recognize the compliance requirements related to providing an opportunity for non-public transmission providers to enroll in the transmission planning process for purposes of regional cost allocation. These provisions have been provided in the proposed OATT Attachment K/N, Section 5.4.

VI. SECTIONS AFFECTED BY THE COMPLIANCE FILING

Below is a summary of the sections added or otherwise affected in this compliance filing. The sections referenced are the new/revised section numbers in the OATT Attachment K/N.

Changes being proposed for Order No. 1000 compliance are as follows:

- Section 1.2 - CEERTS Projects - Describes the process that would govern CEERTS projects, defining eligibility and setting forth the steps taken from the initial CEERTS proposal submittal to the final project approval.

Section 3.3 flow chart changes – Given the technical difficulty of red-lining the changes to the flow charts in legible fashion, the changes are highlighted instead. FPL requests

any necessary waiver of the requirement under Section 35.10(c) of the Commission's regulations (18 C.F.R. 35.10(c)) for this purpose. FPL provides instead the following narrative description of the changes to the flow chart. The first highlighted change adds a box stating: "Submit CEERTS projects and begin process" in the FRCC Regional section to indicate the CEERTS project submittal. The second highlighted change states that the "Final Board Approved Regional Plan is reflected in 10-year site plans and sent to the Florida Public Service Commission." This change simply reflects a more accurate portrayal of the how the FRCC provides the regional transmission plan to the FPSC.

- Section 3.5 – Provides clarification that all entities that have transmission projects/upgrades in the regional transmission plan shall provide updates on the projects at least annually.
- Section 4.5 – Identifies that transmission developers not participating in the regional transmission planning process and not seeking regulated cost-of-service recovery (as would be the case for merchant transmission developers) must submit information related to their projects in order for the FRCC to assess the potential impact on the transmission system.
- Section 5.4 – Provides the enrollment process.
- Section 9 - Cost Allocation –
 - Retains Third Party Impact Cost Allocation (OATT Attachment K/N, Sections 9.1 – 9.3) - During the Order No. 890 compliance process, a specific third party impact cost allocation methodology was developed. This methodology was designed to address situations where transmission expansion on one transmission provider's system resulted in a material adverse system impact on a third party transmission owner. Since this cost allocation was carefully negotiated by a number of parties within the FRCC Region, the Florida Sponsors are proposing that this third party impact cost allocation be retained as is and not be affected by the Order No. 1000 cost allocation methodology.
 - Adds Cost Allocation for CEERTS Projects (OATT Attachment K/N, Section 9.4) – This new section identifies the cost allocation methodology for CEERTS projects to meet the Order No. 1000 cost allocation requirements. CEERTS project costs are allocated in proportion to the avoided transmission costs of transmission providers benefitting from the CEERTS project.
- Section 11 – Public Policy Planning – This section identifies how public policy would be considered within the transmission planning process.
- Appendix 3 – Project Developer Qualification Criteria – This appendix sets forth the criteria for qualifying project developers.

- Appendix 4 – Examples of the CEERTS Avoided Cost Methodology – This appendix provides examples of the avoided cost methodology.

In addition, FPL is also taking the opportunity to propose certain minor “housekeeping” changes to Attachment K/N that are not directly related to the Order No. 1000 requirements:

- Specific FRCC website links have been removed since the specific link locations change from time to time.
- Section 1.1 – Corrects the month in which the FRCC Board approves the annual FRCC transmission plan. This occurs in February.
- Section 6 & Section 9.3.8.2 and 3 - Dispute Resolution – Changes to these sections were made to reflect FRCC changes that have been made and approved by the FRCC Board related to dispute resolution. The FRCC had reviewed their various dispute resolution processes and had determined that all FRCC disputes should be handled in a comparable manner. Changes were made to the FRCC Bylaws to incorporate and clearly define this common dispute resolution process.⁴⁰ These FRCC Bylaw changes were approved by the FRCC Board and were submitted to and approved by the NERC Board of Trustees and FERC.⁴¹ These proposed OATT Attachment K/N dispute resolution changes conform to these changes by specific reference to the approved FRCC Bylaws dispute resolution process.

VII. DEVELOPMENT OF ATTACHMENT K/N AND THE STAKEHOLDER PROCESS

The Florida Sponsors have been working on the development of this compliance filing for many months. The stakeholder process was an important part of this process. The FRCC provided the logistical support for this stakeholder process, including the establishment of a location on their website to post all Order No. 1000 communications (<https://www.frcc.com>). These materials included the following: all meeting notices and materials; Florida Sponsors’ documents; Other Stakeholders’ documents; and FRCC Board updates. The FRCC also provided the meeting facilities and the webinar support

⁴⁰ FRCC Bylaws dated October 25, 2011 can be found at this link: <https://www.frcc.com/AboutUs/About%20FRCC%20Files/FRCC%20Amended%20Bylaws.pdf>. See Article XI. Dispute Resolution Procedures.

⁴¹ The FRCC Bylaws are contained in Exhibit B of the FRCC Delegation Agreement. The NERC Board of Trustees approved, at its February 2012 meeting, the proposed amendments to the FRCC Delegation Agreement which included the Amended FRCC Bylaws (Exhibit B) and Exhibit D (Compliance Monitoring and Enforcement Program). On June 12, 2012, FERC issued a letter order in Docket No. RR12-4 approving the Amended FRCC Bylaws (Exhibit B) and Exhibit D (Compliance Monitoring and Enforcement Program).

for the stakeholder meetings. A chronology of the Order No. 1000 stakeholder meetings is provided below:

- March 29, 2012 – Florida Sponsors presented their draft Order No. 1000 compliance concepts.
- May 2, 2012 – Other Stakeholders presented their alternate Order No. 1000 proposals and commented on the Florida Sponsors’ proposal.
- June 11, 2012 – Florida Sponsors presented their further draft Order No. 1000 compliance concepts which incorporated a number of the Other Stakeholders’ suggested changes. Notably, the Florida Sponsors made modifications in the CEERTS project cost methodology which was discussed above in Section V.E.1.
- July 9, 2012 - Other Stakeholders presented their comments on the Florida Sponsors’ proposal and presented a counter proposal.
- September 20, 2012 – Florida Sponsors presented their draft OATT language, which had been made available for review on September 14, 2012. The Florida Sponsors also presented a revised position related to the CEERTS project cost methodology which again is discussed above in Section V.E.1.

In addition to the above meetings, the Florida Sponsors also supported meetings with the FRCC Board to keep it informed as well as to receive their input related to the Order No. 1000 compliance filing. Below is a summary of these meetings:

- July 26, 2011 – Florida Sponsors provided the FRCC Board a briefing on Order No. 1000.
- December 15, 2011 – Florida Sponsors made a presentation to the FRCC Board on expected timeline of activities related to Order No. 1000.
- June 28, 2012 – The Florida Sponsors provided a high-level overview of their compliance proposal and Other Stakeholders provided a high-level overview of their counter proposal.
- August 8, 2012 – The Florida Sponsors and Other Stakeholders presented their proposals/counter-proposals and discussed the areas of differences. The Other Stakeholders recommended that the FRCC Board take no action on the proposals, but wait on the outcome of the FERC proceedings before the FRCC takes any action on Order No. 1000 compliance. The FRCC Board adopted this recommendation.

As can be seen from the above, there were numerous opportunities for stakeholders to fully engage in the FRCC Region Order No. 1000 compliance development process by attending the various meetings and by offering both oral and written comments on the compliance concepts as they were being developed within the stakeholder process. There were many suggested changes that were incorporated and are reflected in this compliance filing. One recent change was made to the benefit-to-cost ratio analysis section of OATT Attachment K/N as requested by the FPSC staff and Other Stakeholders in their written comments of September 28 and 30, 2012. Also, certain other revisions were made to various sections of OATT Attachment K/N as recommended by Other Stakeholders in their written comments of October 1, 2012. The Florida Sponsors found many of the comments to be helpful and appreciates the contributions of the Other Stakeholders.

However, the Florida Sponsors and some of the Other Stakeholders continue to disagree on a number of important issues. These key differences are identified below:

- Regional Tariff – Some Other Stakeholders proposed the implementation of a regional tariff with the elimination of “pancaked” transmission rates. This is clearly outside the scope of Order Nos. 1000 and 1000-A. Order No. 1000 paragraph 764 states: “We decline to make new findings with respect to pancaked rates in this Final Rule as it is beyond the scope of this proceeding.” And Order No. 1000-A paragraph 623 states: “We affirm the Commission’s finding in Order No. 1000 that this is not the proper proceeding to address rate pancaking issues.” In addition, the Florida Sponsors know of no planning region that has implemented a regional transmission tariff outside of an RTO environment.
- Threshold criteria – As identified in Section V.D.1, in an effort to provide the appropriate recognition of both the federal and state jurisdictional authority over transmission, the Florida Sponsors’ compliance proposal uses the Florida Transmission Line Siting Act (“TLSA”) criteria as a threshold criteria for proposed CEERTS projects. Some Other Stakeholders want no threshold criteria to be used. One stakeholder held the opinion that the Florida Sponsors were creating state law by using the TLSA as a threshold criteria. The Florida Sponsors’ position is that the use of the TLSA respects state law, is not creating state law, and in fact is harmonizing federal law with state law. The TLSA criteria is appropriate from a state regulatory perspective, and it is also appropriate in that it appropriately defines a regional project (*e.g.* a transmission line that is 230 kV or above).
- CEERTS Cost Methodology – Please reference Section V.E. for a full discussion of this issue.

As noted earlier, the Florida Sponsors represent approximately 83% of the net energy for load in the FRCC Region and, accordingly, represent the vast majority of the

retail customers and stakeholders in the FRCC Region. This compliance filing is fully compliant with Order Nos. 1000 and 1000-A and presents the most appropriate compliance solution for the FRCC Region. The Florida Sponsors urge the Commission to consider these views that are provided by the majority of the stakeholder interests in the FRCC Region.

VIII. SEVEN REGIONAL TRANSMISSION PLANNING PRINCIPLES

Order No. 1000 requires that the regional planning process meet seven regional transmission planning principles. In the FPL Order No. 890 compliance filing, the process described was already a regional planning process. Thus, the same facts that were identified for compliance in the Order No. 890 compliance filing (and listed below), which the Commission approved, are also relied upon in large part to satisfy the Order No. 1000 regional transmission planning process principles. Some processes were updated to reflect the new requirements of Order No. 1000.

A. Coordination

FPL consults and interacts directly with its customers in providing transmission service and generator interconnection service, as well as with neighboring transmission providers (as used herein “transmission providers” may include transmission owners not subject to Commission jurisdiction). A transmission customer may request and/or schedule a meeting to discuss any issue related to the provision of transmission service at any time, and an open dialogue between the transmission customer and FPL takes place regarding customer needs. This interaction and dialogue between the customer and FPL is further described under the Local Transmission Network Planning Process in Appendix 1 to the proposed Attachment K/N. Topics such as load growth projections, planned generation resource additions/deletions, new delivery points and possible transmission alternatives are discussed. This dialogue is intended to provide timely and meaningful input and participation of customers during the early stages of development of the transmission plan. Additionally, the transmission customer has an opportunity to comment at any time during the evaluation process and/or when study findings are communicated by FPL to the customer.

FPL communicates with its neighboring transmission providers on a regular basis, and facilitates communication and consultation between its customers and its neighboring transmission service providers, specifically, if during the transmission service study process a neighboring system’s facilities are identified as being affected. This coordination process continues in a seamless manner at the local as well as the regional level, leading to FPL and other transmission providers providing an initial transmission plan to the FRCC for posting which, when consolidated, becomes the initial regional transmission plan. The initial transmission plan submitted to the FRCC by FPL results from the Local Transmission Network Planning Process in Appendix 1 to Attachment K/N. This initial transmission plan is reviewed by the FRCC as well as all interested transmission customers/users.

FPL relies on the FRCC committee process to finalize the initial transmission plan as submitted to the FRCC. In addition to transmission customers/users provided opportunity for input and participation during the initial planning process with FPL, the transmission customers/users also have an additional opportunity to raise any issues, concerns or minority opinions that they believe have not been adequately addressed by any transmission providers' initial transmission plan submittal during the FRCC review process.

The FRCC review process normally commences shortly after the submittal of Ten Year Site Plans (ten-year expansion plans) to the FPSC on April 1 of each year. The FRCC review process, including the roles and procedures of the FRCC Planning Committee and its working groups, are described in proposed Attachment K/N. Once issues raised by interested stakeholders are addressed, including consideration of proposed CEERTS projects, the FRCC Planning Committee approves the regional transmission plan and presents it to the FRCC Board for approval. Upon approval by the Board, which is expected in February of each year, the final FRCC Board approved regional plan is reflected in the Ten Year Site Plans and sent to the FPSC. Unresolved issues may be referred to the FRCC dispute resolution process as described below.

The FRCC Regional Transmission Planning Process is intended to ensure the long-term reliability, economic and public policy needs of the bulk power system in the FRCC Region. An objective of the FRCC Regional Transmission Planning Process is to ensure coordination of the transmission planning activities within the FRCC Region in order to provide for the development of a reliable and economically robust transmission network in the FRCC Region. The process is intended to develop a regional transmission plan to meet the existing and future requirements of all customers/users, providers, owners, and operators of the transmission system in a coordinated, open and transparent manner.

With the added requirements imposed on the transmission providers to comply with Order No. 1000, the Florida Sponsors added the coordination activities that are identified in the OATT Attachment K/N, Section 1.2 for CEERTS Projects and the public policy transmission need coordination activities identified in Section 11.1.

B. Openness

FPL provides notice and schedules meetings with its transmission customers as deemed necessary by the transmission customer and/or FPL. Meetings are held on a regular basis to discuss loads, generation/network resource additions/deletions, new facility additions and upgrades, demand resource information, customer's projections of future needs, and related subjects that have an impact on the provision of transmission service to a customer. Appendix 1 to Attachment K/N describes customer and FPL interaction in the flow diagram and outlines the steps of the Local Transmission Network Planning Process.

This openness principle is also incorporated in the FRCC Regional Transmission Planning Process in which FPL participates along with other stakeholders in the committee and working group processes at the FRCC. The FRCC conducts the FRCC planning process in an open manner in such a way that it ensures fair treatment for all customers/users, owners and operators of the transmission system.

Stakeholders have access to and participate in the FRCC planning process. The participants in the planning process at the FRCC are the sector representatives on the Planning Committee. The Planning Committee consists of six stakeholder sectors: Suppliers, Non-Investor Owned Utility Wholesalers, Load Serving Entities, Generating Load Serving Entities, Investor Owned Utilities, and General. Any interested entity or person may participate in the FRCC committees through participation in one of the sectors and entities may raise concerns that they believe were not adequately addressed at the local level.

The rules governing Planning Committee structure and processes as they relate to Organization Structure, Standing Committee Representation, Standing Committee Quorum and Voting, Duties of Officers and Representatives, General Procedures for Standing Committees, FRCC Representation on NERC Committees, Procedures of Minutes of Meetings and Conduct of the Meeting are set forth on the FRCC website as shown in Attachment K/N. The FRCC meeting dates, and the chairs, and member representatives for the various committees are also posted on the FRCC website as shown in Attachment K/N. The meeting agenda for the Planning Committee is normally provided two weeks prior to the meeting to the committee members. FRCC meeting notices, meeting minutes and documents of FRCC Planning Committee and/or FRCC Board meetings in which transmission plans or related study results are exchanged, discussed or presented are distributed by the FRCC.

The FRCC developed FERC Standards of Conduct Protocols for the purpose of ensuring proper disclosure of transmission information in accordance with FERC requirements. The primary rule is that a transmission provider must treat all transmission customers, affiliated and non-affiliated on a non-discriminatory basis and it cannot operate its transmission system to give a preference to any transmission customer or to share non-public transmission or customer information with any transmission customer. The rules also prevent transmission function employees from sharing with their merchant employees and certain affiliates' non-public transmission information about the transmission provider's transmission system or any other transmission system. The full document that describes the FRCC developed FERC Standards of Conduct Protocols is posted on the FRCC website as shown in Attachment K/N.

Customer input is included in the early stages of the development of the transmission plans, as well as during and after plan evaluation processes. Detailed evaluation and analysis of the transmission providers/owners plans are conducted by the FRCC Transmission Working Group and Stability Working Group under the direction of

the Planning Committee. Such evaluation and analysis provides the basis for changes to the transmission providers/owners plans that could result in a more reliable and more robust transmission system for the FRCC Region. The FRCC Planning Committee meets on a regular basis, usually monthly, with two weeks' prior notice.

The FRCC Regional Transmission Planning Process provides for the overall protection of all confidential and proprietary information that is used to support the planning process. A customer, user or other interested entity may enter into a confidentiality agreement with the FRCC and/or applicable transmission provider/owner, as appropriate, to be eligible to receive transmission information that is restricted due to Critical Energy Infrastructure Information ("CEII"), security, business rules and standards and/or other limitations. The procedure for requesting this type of information is delineated at the FRCC website as set forth in Attachment K/N.

Through the Order No. 890 compliance process, the Commission directed FPL to include more detail related to the FRCC voting structure and the matters where an FRCC vote would be taken. Appendix 2 to the OATT Attachment K/N was added to provide the FRCC Quorum and Voting Sectors. This information was extracted from the *FRCC Rules of Procedure for FRCC Standing Committees*. Also a clarification was provided regarding the matters subject to voting which includes the following:

Matters Subject to Voting: As it relates to Attachment K, matters typically requiring a vote of the Planning Committee (as a standing committee) include, but are not limited to the following: Approval of meeting minutes, results from studies and assessments, and approval of regional transmission expansion.⁴²

C. Transparency

FPL plans its transmission system in accordance with the NERC and FRCC Planning Reliability Standards, along with its own design, planning and operating criteria which it utilizes for all customers on a comparable and non-discriminatory basis. These standards/criteria are also referred to in FPL's FERC Form 715. In addition, FPL makes available Facility Connection Requirements, Capacity Benefit Margin ("CBM") Methodology and other pertinent information used in the transmission planning process and posts this information on its OASIS website.

During FPL's local area planning process FPL utilizes for its base case the FRCC databanks which contain information provided by FPL and customers of projected loads as well as all planned and committed transmission and generation projects (including upgrades), new facilities, and changes to planned-in-service dates over the planning horizon. Projected loads reflect existing and planned demand response resources. FPL makes available to a transmission service customer the underlying data, assumptions, criteria and underlying transmission plans utilized in the study process.

⁴² FPL Order No. 890 compliance filing, under Docket No. OA08-29, of August 17, 2009, Section I.D. Explanation – Voting Provisions.

FPL provides written descriptions of the basic methodology, criteria and processes used to develop its plans. A transmission customer may inquire about the assumptions, data and/or underlying methods, criteria, and will be provided a response. Dialogue during the study process is encouraged. The dialogue during the local area planning process between FPL and its customers involves discussions of the initial findings that affect customers, potential alternatives including feasibility of mitigating any adverse findings, and third party impacts. Discussion of initial findings in areas of the system that affect customers is intended to communicate and validate with the customer issues or concerns identified by FPL or, conversely, issues not specifically identified by FPL that may be of concern to customers. As part of the process of identifying potential alternatives to mitigate any adverse issue or concern, the customer dialogue should facilitate the identification of the most effective solution. This dialogue during the different stages of the planning process provides for meaningful input and participation of transmission customers in the development of the transmission plan. The goal of this interaction is to develop a transmission expansion plan that meets the needs of FPL and its customers in a reliable, cost effective manner. This local area planning process is reflected in the process flow diagram in Appendix 1 of Attachment K/N and in the detailed description in Appendix 1.

Once the results of all transmission providers' local area planning process are reflected in the initial FRCC Regional plan, the FRCC seeks input and feedback from transmission customers/users for any issues or concerns and the FRCC independently assesses the initial regional plan from its regional perspective. A dialogue among the FRCC, transmission customers/users and transmission 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. The final FRCC Board approved regional plan is reflected in the Ten Year Site Plans and sent to the FPSC. Additionally, the FRCC compiles all the individual transmission providers FERC Form 715's within the FRCC Region, including FPL's, and files all FERC Form 715's for its members with FERC on an annual basis.

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 stakeholders. Transmission planning assumptions, transmission projects/upgrades and project descriptions, scheduled in-service dates for transmission projects and the project status of upgrades will be available to all customers through the FRCC periodic project update process. The FRCC updates and distributes transmission projects/upgrades project descriptions, scheduled in-service dates, and project status on a regular basis, no less than quarterly. The FRCC also updates and distributes on a periodic basis the load flow data

base. The FRCC publishes the individual transmission providers' system impact study schedules so that other potentially impacted transmission owners can assess whether they are affected and elect to participate in the study analysis. The FRCC planning studies are also distributed by the FRCC and updated as needed. All entities that have transmission projects/upgrades in the regional transmission plan shall provide updates on such projects at least annually.

The FRCC also produces annual reports, submitted to the FPSC and interested stakeholders, as follows:

- *Regional Load and Resource Plan:* A report of aggregate data on demand and energy, capacity and reserves, and proposed new generating unit and transmission line additions for Peninsular Florida as well as statewide.
- *Reliability Assessment:* An aggregate study of generating unit availability, forced outage rates, load forecast methodologies, and gas pipeline availability.
- *Long Range Transmission Reliability Study:* An assessment of the adequacy of Peninsular Florida's bulk power and transmission system. The study includes both short-term (1-5 years) detailed analysis and long-term (6-10 years) evaluation of developing trends that would require transmission additions or other corrective action. Updates on regional areas of interest and/or constraints are also addressed.

With Order No. 1000, the Commission is requiring transparency in how CEERTS projects are selected. As discussed in the OATT Attachment K/N, Section 1.2, the CEERTS project sponsor and other stakeholders in the FRCC Region are provided with information related to the CEERTS project and the details of the evaluation process. Meetings are held and reports are made to keep all parties informed concerning this CEERTS project evaluation.

D. Information Exchange

FPL participates in information exchange on a regular and ongoing basis with the FRCC, neighboring utilities, and customers. Transmission customers submit data for the planning process described in Attachment K/N to FPL in order for FPL to plan for the needs of network and point-to-point customers. This data is provided by customers no later than January 1 of each year. Such data 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 and delivery points, and planned transmission facilities. This data is provided over the 10 year planning horizon to the extent it is known. Additionally, customers provide timely notice of any material changes to this data as soon as practicable due to the possible effect on the transmission plan or the ability of FPL to provide service.

FPL utilizes the data provided in modeling and assessing the performance of its system in order to develop a transmission plan that meets the needs of all customers of the transmission system. FPL exchanges the initial transmission plan and data with a transmission customer to provide an opportunity for the transmission customer to evaluate the initial study findings or to propose potential alternative transmission solutions for consideration. If FPL and the transmission customer agree that the transmission customer's recommended solution is the best over-all transmission solution, then such solution is incorporated in the plan. Through this information exchange process the transmission customer has an integral role in the development of the transmission plan. This process is described in greater detail in Appendix 1 to Attachment K/N. Consistent with FPL's obligation under federal and state law, and under NERC and FRCC reliability standards, FPL is ultimately responsible for the transmission plan.

The FRCC Transmission Working Group ("TWG") sets the schedule for data submittal and frequency of information exchange which starts at the beginning of each calendar year. Updates and revisions are discussed at the FRCC Planning Committee meetings. This process requires extensive coordination and information exchange over a period of several months as the FRCC develops electric power system load-flow databank models for the FRCC Region. The models include data for every utility in Peninsular Florida and are developed and maintained by the FRCC. The TWG is responsible for developing and maintaining power flow base cases. The FRCC power flow base case models contain the data used by the FRCC and transmission providers for intra- and inter-regional assessment studies, and other system studies. The models created also are the basis for the FRCC submittal to the NERC Multi-regional Modeling Working Group. TWG members support the data collection requirements and guidelines related to the accurate modeling of generation, transmission and load in the power flow cases. The data collected is described in Attachment K/N.

The FRCC databank models are compiled and incorporate load projections by substations, firm transmission services, and transmission expansion projects over the 10 year planning horizon. FPL utilizes the FRCC databanks which contain projected loads as well as all planned and committed transmission and generation projects, including upgrades, new facilities and changes to planned in-service dates over the planning horizon, as the base case for its studies. These databanks are maintained by the FRCC TWG and are updated on a periodic basis. FPL makes available to a transmission service customer the underlying data, assumptions, criteria and transmission plans utilized in the study process. If information is deemed confidential, FPL requires the customer to enter into a confidentiality agreement prior to providing the confidential information.

E. Comparability

FPL applies the comparability principle in all aspects of its transmission planning process including each of the respective principles in Attachment K/N. FPL incorporates

into its transmission plans on a comparable basis all firm transmission obligations, both retail and wholesale. The retail obligations consist of load growth, interconnection and integration of new network resources, firm power purchases and new distribution substations. FPL's wholesale obligations are existing firm wholesale power sales, existing long-term firm transmission service including firm point-to-point and network (interconnection and integration of network resources), projected network load, generator interconnections, and new delivery points.

FPL plans for forecasted load, generation additions/upgrades which include network resources, and new distribution substations associated with retail service obligations. A network transmission customer provides corresponding data as part of the provision of service, such as load forecast data, generation additions/upgrades including network resource forecast, new delivery points, and other information needed by FPL to plan for the needs of the customer. Both FPL and the transmission customers reflect their demand response resources in their load forecast projections which are input within this planning process. In addition, any customer/stakeholder with a demand response or generation resource that is not incorporated into submitted plans which wishes to be considered as an alternative to transmission expansion or in conjunction with transmission plans may provide necessary evaluation information to FPL for consideration on a comparable basis with other alternatives and resources.. The data required for planning the transmission system for both retail and wholesale customers is comparable. This comparability principle is also further described under the Local Transmission Planning Process as outlined in Appendix 1 to Attachment K/N. The data is also provided to the FRCC for its use in databank development and analysis under the FRCC Regional Transmission Planning Process. These data requirements are generally communicated by OASIS, email, letter or combination thereof.

Transmission providers submit to the FRCC their latest 10-year expansion plans for their transmission systems, which incorporate the transmission expansion needed to meet transmission customer requirements, including transmission projects that provides for all firm obligations based on the best available information. The FRCC compiles and distributes a list of projects from the transmission providers and updates the project status to keep the list current. FRCC compiles and distributes the transmission providers' 10-year expansion plans. All transmission users and other affected parties are asked to submit to the FRCC any issues or special needs that they believe are not adequately addressed in the expansion plans.

F. Dispute Resolution

If a dispute arises between a transmission customer and FPL under the local transmission planning process outlined in Appendix 1 to Attachment K/N or involving transmission service under the Tariff, the senior representatives of FPL and the customer shall attempt to resolve the dispute and may mutually agree to utilize a mediation service for that purpose. However, if such dispute is not resolved, then the Dispute Resolution Procedures set forth in Article 12 of the Tariff govern.

If a dispute arises involving the FRCC regional transmission planning process and/or cost allocation thereunder, then the dispute resolution process set forth in the FRCC Bylaws shall govern resolution of the dispute, and the FRCC will notify the FPSC of any such dispute.

G. Economic Planning Studies

In the performance of an economic sensitivity study that is identified as part of the FRCC Regional Transmission Planning Process, FPL plans to participate in such study utilizing the procedures that are contained in the FRCC Regional Transmission Planning Process. If FPL receives a specific request to perform economic studies for a transmission customer, FPL plans to utilize the OASIS for such requests. To the extent an economic study would involve other transmission providers, FPL will coordinate with these providers in performing the study.

Stakeholders will collectively be allowed to request the performance of up to five economic studies annually, at no charge to the individual requesting customer(s). The OATT Attachment K/N, Section 8, Economic Planning Studies, provides specific transparent and open processes for selecting the five free studies and for identifying other economic studies (over and above the five free studies that are at no-charge) that the stakeholder will pay for.

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

IX. EFFECTIVE DATE AND TRANSITION ISSUES

FPL is proposing that the tariff provisions take effect at the start of the next planning cycle following the Commission's acceptance of the compliance filing, assuming such acceptance largely adopts the proposed planning process. A date of 12/31/9998 is being used in the electronic metadata to reflect that there is some uncertainty in the implementation date. Changes that require approval by the FRCC will

Honorable Kimberly D. Bose, Secretary

October 11, 2012

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become effective for the next planning cycle following such approval. Projects approved in previous transmission plans before changes become effective would not be modified by applying changes retroactively.

Also, as mentioned in Section VI. Sections Affected by the Compliance Filing, FPL requests a very limited waiver of the requirement under Section 35.10(c) of the Commission's regulations (18 CFR 35.10(c)) that marked versions of all tariff sheets be provided due to the difficulties in identifying revisions within a flow chart. FPL has highlighted those changes and provided a narrative description of them.

X. CONCLUSION

Wherefore, FPL respectfully requests that the Commission accept its revised Attachment K.

Respectfully submitted,

/s/

Stephen L. Huntoon
Senior Attorney

Attachments: Appendix A -- Clean Attachment K
Appendix B -- Redlined Attachment K

APPENDIX A

FPL OATT - Attachment K

Clean

Attachment K Transmission Planning Process

ATTACHMENT K

Transmission Planning Process

Transmission Provider plans for the existing and future requirements of all customers of Transmission Provider's transmission system in a coordinated, open, comparable, non-discriminatory and transparent manner both at the local and regional level. The Transmission Planning Process described herein includes Transmission Service for Transmission Provider's Native Load Customers, Network Customers, Firm Point-to-Point Transmission Customers, and Generator Interconnection Service for Interconnection Customers. The Transmission Planning Process is intended to provide transmission customers the opportunity to interact with the transmission planning personnel of the Transmission Provider in order for transmission customers to provide timely and meaningful input into the development of the transmission plan. Transmission Provider's Transmission Planning Process works in conjunction with and is an integral part of the *Florida Reliability Coordinating Council's ("FRCC") Regional Transmission Planning Process* (reference the FRCC website for this document) which facilitates coordinated planning by all transmission providers, owners and stakeholders within the FRCC Region. The FRCC is one of the North American Electric Reliability Corporation ("NERC") Regional Reliability Organizations, with responsibility for maintaining grid reliability in Peninsular Florida, east of the Apalachicola River. This region is electrically unique because it is a peninsula and is tied to the Eastern Interconnection only on one side. FRCC's members include investor owned utilities, cooperative utilities, municipal utilities, a federal power agency, power marketers, and independent power producers. The FRCC Board of Directors has the responsibility to ensure that the *FRCC Regional Transmission Planning Process* is fully implemented. The FRCC Planning Committee, which includes representation by all FRCC members, directs the FRCC Transmission

Working Group, in conjunction with the FRCC Staff, to conduct the necessary studies to fully implement the *FRCC Regional Transmission Planning Process*. The descriptions of the *FRCC Regional Transmission Planning Process* set forth herein summarize the elements of that process as they relate to Transmission Provider and the principles of the Final Rule in Docket No. RM05-25-000. The Florida Public Service Commission (“FPSC”) is an integral part of the planning process by providing input, guidance, regulatory oversight and decision-making under this process. Additionally, the FPSC conducts workshops on an annual basis to review the transmission and generation expansion plans for Florida. The FPSC, under Florida law, has the authority to ensure an adequate and reliable electric system for Florida. As set forth below, Transmission Provider’s Transmission Planning Process is a seamless process that fully integrates both the local and regional transmission planning and is designed to satisfy the following principles, as defined in the FERC Final Rule in Docket No. RM05-25-000: (1) coordination, (2) openness, (3) transparency, (4) information exchange, (5) comparability, (6) dispute resolution, (7) regional coordination, (8) economic planning studies, and (9) cost allocation for new projects. Descriptions of the *FRCC Regional Transmission Planning Process* are contained herein as they relate to Transmission Provider’s Transmission Planning Process.

End Notes:

1. The FRCC posts on its website at <https://www.frcc.com> all of the FRCC documents referenced in this Attachment K. This provides flexibility for the FRCC to change the URL addresses for individual FRCC documents without requiring the modification of tariff language.

Section 1 Coordination

1.1

Transmission Provider consults and interacts directly with its customers in providing transmission service and generator interconnection service as well as with its neighboring transmission providers, on a regular basis. A transmission customer may request and/or schedule a meeting with Transmission Provider to discuss any issue related to the provision of transmission service at any time. Transmission Provider consults and interacts with its customers any time during the study process that either the transmission customer or the Transmission Provider deem necessary and/or at various stages of the planning process (e.g., Scoping Meeting, Feasibility, System Impact and Facilities Studies). An open dialogue between the transmission customer and the Transmission Provider takes place regarding customer needs. This interaction and dialogue between the customer and Transmission Provider are further described under the Local Transmission Network Planning Process as set forth in Appendix 1 to this Attachment K. Topics such as load growth projections, planned generation resource additions/deletions, new delivery points and possible transmission alternatives are discussed. This dialogue is intended to provide timely and meaningful input and participation of customers during the early stages of development of the transmission plan. Additionally, the transmission customer shall have an opportunity to comment at any time during the evaluation process and/or when study findings (Feasibility, System Impact and Facilities Studies) are communicated by the Transmission Provider to the customer. Transmission Provider communicates with its neighboring transmission providers on a regular basis, and Transmission Provider facilitates communication and consultation between its customers and its neighboring transmission service providers/owners, specifically, if during the transmission service study process, a neighboring system's facilities are identified as being affected. This coordination process continues in a seamless manner at the local as well as the regional level, leading to each Transmission Provider providing an initial

transmission plan which, when consolidated, becomes the initial regional transmission plan. The initial transmission plan submitted to the FRCC by the Transmission Provider, which results from the Local Transmission Network Planning Process as set forth in Appendix 1 to this Attachment K, will be posted by the FRCC in accordance with the *FRCC Regional Transmission Planning Process* (reference link to *Initial Plans* on the FRCC website). This initial transmission plan is reviewed by the FRCC as well as all interested transmission customers/users. The Transmission Provider relies on the FRCC Committee process to finalize its initial transmission plan as submitted to the FRCC. In addition to transmission customers/users being provided timely and meaningful input and participation during the planning process with the Transmission Provider, the transmission customers/users are also given an additional opportunity to raise any issues, concerns or minority opinions that they believe have not been adequately addressed by any Transmission Providers' initial transmission plan submittal during the FRCC review process. This FRCC review process normally commences shortly after the submittal of the Ten Year Site Plans to the FPSC on April 1 of each year. Once issues raised by interested stakeholders are addressed, including consideration of proposed "Cost Effective and/or Efficient Regional Transmission Solutions" ("CEERTS") projects as set forth in section 1.2 below, the Planning Committee approves the proposed regional transmission plan and presents it to the FRCC Board for approval. Upon approval by the Board, which is expected in February of each year, the FRCC sends the final regional transmission plan to the FPSC. Unresolved issues may be referred to the FRCC Dispute Resolution Process as described below.

1.2 CEERTS Projects

- 1.2.1.** This section 1.2 sets forth provisions for consideration of proposed CEERTS projects in the regional transmission planning process in which Transmission Provider participates.
- 1.2.2** Any entity desiring to propose a CEERTS project for regional cost allocation must submit such a CEERTS project to the FRCC no later than June 1st of the planning year. The

entity proposing a CEERTS project is referred to herein as the project sponsor. The project sponsor for a CEERTS project need not be the project developer for that project.

- 1.2.3** To be eligible for approval by the FRCC Board for inclusion in the regional plan, a proposed CEERTS project must meet these threshold criteria:
- A. Be a transmission line subject to the requirements of the Florida Transmission Line Siting Act or successor statute (or a substation flexible AC transmission system (“FACTS”) device, *e.g.*, series compensation or static var compensator, designed to operate at 230 kV or more); and
 - B. Be materially different than projects already in the regional plan. As an example, another transmission developer/sponsor may not propose a CEERTS project that is not materially different (*e.g.*, change in equipment size, different terminal bus arrangement, slight change in route, etc.).

Local transmission facilities located solely within a transmission provider’s footprint (*e.g.* Control Area) that are not selected in the regional transmission plan for purposes of cost allocation cannot qualify as CEERTS projects. Such facilities are the responsibility of the Transmission Provider to meet reliability needs and/or other obligations within its retail distribution service territory or footprint.

- 1.2.4** A CEERTS project submittal must include the following elements (to be provided in the context of the most current FRCC Board-approved regional transmission plan):
- A. Initial screening submittal
 - 1. Transmission project technical information:
 - a) Description of the transmission facilities being proposed (*e.g.*, voltage levels);
 - b) General path of the transmission lines; and
 - c) Interconnection points with the existing transmission system.
 - 2. Reliability impact assessment.
 - 3. Load flow analysis that demonstrates performance utilizing the FRCC load flow model. The sponsor, if not an FRCC member, may obtain this

model upon request from the FRCC (“Request for Florida Reliability Coordinating Council (FRCC) Transmission Information” document is posted on the FRCC website).

4. Identification of projects in the regional transmission plan that would be affected or avoided as well as any additional projects that may be required. A demonstration through a technical evaluation process that the CEERTS project is equal to or superior to avoided projects from the current regional transmission plan.
 5. A cost estimate and a recommended in-service date for the project.
 6. Identification of the proposed project developer (if known), specifying who will own, operate and maintain the CEERTS project, and what contractual arrangements would be made for such purpose.
 7. A deposit of \$100,000 for each \$10,000,000 of estimated project cost, capped at a maximum deposit of \$500,000 for each CEERTS project, which will be used for FRCC internal analysis costs as well as any out-of-pocket expenses such as for independent consultants (unexpended amounts shall be refunded to the project sponsor). The actual costs incurred by the FRCC to analyze the CEERTS project will be borne by the project sponsor and the deposit will be trued up based on the documented cost of the analysis.
- B. Cost estimates and/or additional data shall be made available to the FRCC Planning Committee (“FRCC PC”) and sponsor as follows:
1. The sponsor presents its CEERTS overview (a minimum of steps 1.2.4.A.1. through 1.2.4.A.7. above) to the FRCC PC and requests that the FRCC PC obtain cost information for the projects that are proposed to be avoided or modified from the entities responsible for those projects;
 2. The FRCC PC shall request that the entities responsible for the existing

project(s) provide cost information to the FRCC PC and the sponsor.

C. Subsequent submittal

1. With the cost information provided in step 1.2.4.B above, the sponsor shall fully assess the cost of its proposed project and its rationale/justification for why the project is a more cost effective and efficient regional transmission solution.
2. Any revisions to CEERTS project benefits provided in the initial submittal shall be resubmitted at this time.

1.2.5 The FRCC PC shall review the submittals and ensure that they meet the threshold criteria in step 1.2.3 and the minimum requirements in step 1.2.4. If a submittal is incomplete, the FRCC PC shall inform the CEERTS sponsor in writing within 15 days of the next regularly scheduled FRCC PC meeting of the specific deficiency(ies), and the CEERTS sponsor shall be given an opportunity, within 30 days, to submit the information required for a complete submittal.

1.2.6 The FRCC PC shall provide an update to the FRCC Board related to all projects that have been submitted and deemed complete. For those projects that have cleared steps 1.2.3 through 1.2.5 above, the FRCC PC shall post this information on the FRCC website (subject to any posting restrictions to protect CEII or other confidential information).

1.2.7 If the CEERTS project has cleared steps 1.2.3 through 1.2.5 above, the FRCC PC will conduct a technical analysis for the purpose of validating CEERTS information and analysis provided by the sponsor. Such analysis will be performed in a manner consistent with other technical analyses performed by the FRCC PC.

A. The validation process will evaluate the information and analysis provided by the sponsor and will include:

1. Reliability performance;
2. Impact on other FRCC transmission projects in the current FRCC regional transmission plan;
3. Any known updates to the last FRCC Board-approved regional

transmission plan.

- B. The FRCC PC will also consider any proposed non-transmission alternatives on a comparable basis with the CEERTS project, as described in Section 5.
- C. The FRCC PC will provide a report to the FRCC Board that includes its findings from the technical analysis and a recommendation as to whether the proposed CEERTS project should proceed to the next evaluation step in 1.2.8 below. The FRCC PC report shall also be simultaneously provided to the CEERTS sponsor which shall be given an opportunity to provide written comments to the FRCC Board.

1.2.8 The FRCC Board will review the FRCC PC report and any comments on the report that may be submitted by the CEERTS sponsor and determine if the CEERTS project should proceed to the next evaluation step as described in step 1.2.9 below. The CEERTS sponsor shall be invited to be present and participate in any FRCC Board meeting that addresses the FRCC PC report in order to answer questions and to present its views regarding the CEERTS project and the FRCC PC report. If a CEERTS sponsor does not agree with the FRCC Board's determination, then the FRCC Bylaws Dispute Resolution Process is available for use by the CEERTS sponsor.

1.2.9 If the FRCC Board approves continuation of the CEERTS project evaluation, the process described below will be performed by the FRCC PC under the direction of the FRCC Board.

- A. A meeting will be organized by the FRCC PC to provide the CEERTS sponsor an opportunity to fully describe its proposed CEERTS project. This meeting is the venue to fully discuss the CEERTS project, taking into account the technical analysis performed by the FRCC PC, as well as any potential revisions, including transmission technical aspects, transmission project costs, and affected projects. This meeting also provides the opportunity for potentially affected Transmission Providers to discuss these matters. If a developer has not been identified for the proposed project, then this meeting also provides an opportunity for potential

developers to express interest in being considered as the developer of the CEERTS project (if no entity expresses interest as the project developer then the project will not move forward and the projects in the regional plan that would have been avoided by the CEERTS project will remain in the regional plan). This forum will enable the CEERTS project to be fully reviewed by all affected parties.

B. The FRCC PC will consider the proposed project in light of the criteria set forth in steps 1.2.7.A. and 1.2.7.B above and as set forth below.

1. Cost benefit analysis must demonstrate (1) a regional benefit-to-cost ratio greater than 1.00 as set forth herein, and (2) that no affected individual Transmission Provider would incur unmitigated costs (adverse reliability or other impact) as a result of the project. The benefit of a CEERTS project is the avoided cost of projects in the regional transmission plan that would otherwise be constructed in the absence of the CEERTS project. A cost benefit analysis comparing the capital cost of the CEERTS project, estimated by the project sponsor, and the capital cost of the displaced project(s), estimated by the responsible Transmission Provider(s), will be performed by an independent consultant retained by the FRCC using consistent assumptions. This cost benefit analysis shall be performed using the net present value ("NPV") of the projects' capital costs in current plan year dollars. If the result is a benefit-to-cost ratio of 1.25 or greater, the CEERTS project will move forward in the process. If the result is a benefit-to-cost ratio between 1.00 and 1.25, the independent consultant will conduct a comprehensive long-term net present value revenue requirements analysis in current plan year dollars using consistent assumptions. If the result is a benefit-to-cost ratio of greater than 1.00, the CEERTS project will move forward in the process. A project that would otherwise cause unmitigated costs, including any abandonment costs that would

otherwise have been recoverable, may go forward if project beneficiaries agree to mitigate the otherwise unmitigated costs of the adversely affected Transmission Provider, and the mitigation costs will be included in the CEERTS project cost.

2. For a proposed project based in whole or in part on public policy requirements, the FRCC PC will consider the criteria identified in Section 11 of Attachment K and whether such criteria are driving a transmission need that is not otherwise readily, cost-effectively, and efficiently met through existing, approved requests for new transmission service and/or already planned transmission facilities.
- C. The FRCC PC will provide a report to the FRCC Board of its recommendation based upon its review as set forth above. The FRCC PC report shall also be simultaneously provided to the CEERTS sponsor which shall be given an opportunity to provide written comments to the FRCC Board. The CEERTS sponsor shall be invited to be present and participate in any FRCC Board meeting that addresses the FRCC PC report to answer questions and to present its views regarding the CEERTS project and the FRCC PC report.
 - D. The FRCC Board will review the FRCC PC report and any comments on the report that may be submitted by the CEERTS sponsor and determine if the proposed CEERTS project is a cost effective and/or efficient solution to regional transmission needs under applicable criteria. If the FRCC Board approves the CEERTS project, it will be included in the regional transmission plan, subject to completion of the remainder of the process as set forth herein, and the avoided project(s) will be removed from the plan.

1.2.10 Transmission Project Developer Selection Process

- A. If the CEERTS project requires upgrades to Transmission Provider's existing facilities Transmission Provider retains a right-of-first refusal to build those portions of the CEERTS project. Nothing herein affects Transmission Provider's

rights under state law with regard to its real property (including rights of way and easements).

- B. If a single project sponsor/developer is identified for a given CEERTS project, then that project sponsor/developer is accepted by default (subject to the qualifications review below).
- C. If there are multiple project developers for the same CEERTS project (or if there are different proposed CEERTS projects to address the same need(s)):
 - 1. The FRCC Board will, upon request, facilitate an opportunity for the project sponsors/developers to collaborate with each other to determine how each of the project developers may share responsibility for portions of the CEERTS project(s).
 - 2. If agreement is reached, then these project sponsors/developers will be selected (subject to the qualifications review below).
 - 3. If there is no agreement, then further evaluation reviews of project developer qualifications and the project(s) will be conducted (*e.g.*, parallel evaluation of the competing project sponsors/developers and/or the competing projects). After this evaluation process is completed, the FPSC shall be requested to select the transmission developer(s) and the project(s) in the course of its need determination proceeding.

1.2.11 Project Developer Qualifications Review

- A. If the project developer is an entity that is obligated under state law to provide, directly or indirectly (*e.g.*, as a wholesale supplier to member entities), electric service to retail customers within its service territory and thereby obligated, expressly or by implication, to construct transmission facilities as necessary to serve such retail customers, the project developer shall be deemed to satisfy the qualification criteria with regard to reliability-based projects in its service territory.
- B. If a project developer does not meet the 1.2.11.A. condition, then the project developer must submit a qualification application and a deposit of \$50,000 to the

FRCC (unexpended amounts from the deposit shall be refunded to the project developer) along with the information identified in the Qualification Criteria as set forth in Appendix 3 of this Attachment K. A project developer may be a joint venture or a partnership in which case a lead representative will be designated in the qualification application.

- C. The FRCC Board will provide for the review of the submitted qualifications by a qualified consultant. The consultant fees will be paid from the deposit made when a project developer qualification application is submitted. The consultant will make a recommendation to the FRCC Board as to whether the Qualification Criteria have been met. The FRCC Board shall make, on a non-discriminatory basis, a determination as to whether the Qualification Criteria have been met. If the FRCC Board determines that the Qualification Criteria have not been met, the FRCC Board will notify the project developer of the qualification deficiencies and provide a 30-day period for the project developer to cure the deficiencies. If a project developer does not agree with the FRCC Board's determination, then the FRCC Bylaws Dispute Resolution Process is available for use by the project developer. The qualification process is a one-time process for each project developer, subject to the annual update provided for in Appendix 3.

1.2.12 Approval and Certification after Conclusion of the Project Developer Determination and Qualifications Review

- A. After successful completion of steps 1.2.3 through 1.2.11 above, the FRCC Board will notify the project developer to proceed with the project. The project developer(s) shall then proceed with obtaining the necessary approvals and/or permits required to construct, own and operate the project including certification under the Transmission Line Siting Act.

1.2.13 The FRCC PC, under the oversight of the FRCC Board, will verify that all required reliability, operational, tariff, cost recovery, liability and contract provisions are in place, or reasonably planned for, prior to final approval by the FRCC Board for inclusion in the

regional plan including:

- A. All certification and other requirements under the NERC Standards and Rules of Procedure;
- B. Implementation of communications and operational control features (e.g., requirements to follow instructions of the Reliability Coordinator, Balancing Authority and/or Transmission Service Provider);
- C. FERC requirements for providing transmission service over CEERTS facilities;
- D. Cost recovery treatment (including provision for payment and cost recovery by all entities allocated CEERTS project costs);
- E. Responsibility for operation and maintenance (“O&M”), including any plans to turn over O&M responsibilities to another entity;
- F. Liability issues associated with CEERTS facilities;
- G. Provision for necessary enabling agreements among all affected entities, including for example provisions for assignment of agreements to new owners if a non-incumbent in the future sells its assets to another company; and
- H. Acquisition of the property rights necessary to construct the CEERTS facilities, or a reasonable expectation of the ability to acquire such rights.

1.2.14 As identified in step 1.2.2, new CEERTS projects are to be submitted by June 1 of each year. The evaluation of a new CEERTS project will occur within a one year period concurrent with the evaluation of the initial FRCC regional transmission plan, and final approval will be achieved within 21 months. This time period may be shorter for some CEERTS projects, such as where the project developer has previously satisfied qualification criteria and/or the project is relatively small in scale. Following the evaluation steps identified in this Section 1.2 for a newly proposed CEERTS project, a sponsor can expect the project to be added to the regional transmission plan as a tentative project in the spring or summer of the following year. For the project to remain in the regional transmission plan, the remainder of the process must be completed. For example, a new CEERTS project that was proposed by June 1 would proceed through

step 1.2.7 in the fall and winter of that year. In the following spring and summer the project would progress through step 1.2.9 and be tentatively added to the regional transmission plan. Successful completion of steps 1.2.10 through 1.2.13 would qualify the project for final approval that winter, roughly 21 months after it was initially proposed. This overall schedule provides a roadmap of the projected schedule for new CEERTS project evaluation, selection, approval and ultimate reflection in the regional transmission plan. A particular CEERTS project submittal may benefit from schedule flexibility or shortening of process steps depending on the project's nature or complexity, availability of qualified project developer(s), or other factors. In all cases, once a CEERTS project is submitted, the FRCC will keep all parties informed of the projected schedule for project evaluation. This CEERTS project evaluation process will fold into the overall regional transmission planning cycle which will continue to be an annual process, that is, a regional transmission plan will continue to be developed each year. The inclusion of the CEERTS projects into the annual regional transmission plan will be in accordance with the process outlined above.

- 1.2.15 After a CEERTS project is approved for the regional transmission plan, the project developer shall submit to the FRCC PC a development schedule that sets forth the required steps necessary to develop and construct the project and the schedule that the developer will follow to satisfy each required step. Required steps include, but are not limited to, obtaining all regulatory approvals necessary to develop and construct the facility.
- 1.2.16 Status updates of a CEERTS project are required at any time when material changes to the project or schedule take place, or at least annually, and must include any revised cost estimate. If the cost estimate for a CEERTS project is substantially more than the cost estimate upon which the project was approved, the FRCC PC and FRCC Board may re-examine the cost effectiveness of the project.
- 1.2.17 If a CEERTS reliability-based project is abandoned by the developer the Transmission Provider(s) has a right of first refusal to complete the project or propose alternatives to

ensure that the reliability need is met. If a non-reliability-based CEERTS project is abandoned by the developer, other potential developers may offer to complete the project. Developer evaluation and selection shall follow the steps above for a CEERTS project when first proposed. Developers of CEERTS projects are obligated to report delays in project development and construction to the FRCC. If a delay in the completion of a CEERTS reliability-based project potentially would cause Transmission Provider or other NERC-registered entity to violate a Reliability Standard, the NERC-registered entity shall inform the FRCC as soon as it is aware of the possibility. The FRCC PC will re-evaluate the regional transmission plan to determine if the delay in the CEERTS project requires the evaluation of alternative solutions to ensure the relevant Transmission Provider or other NERC-registered entity can continue to meet its reliability and/or other service obligations. The Transmission Provider retains the right to construct local transmission projects that are not subject to regional cost allocation to meet reliability needs and/or service obligations within its retail distribution service territory or footprint.

1.2.18 Nothing herein shall adversely affect the ability of Transmission Provider to comply with state and federal law, including its service obligations under the laws and regulations of the Florida Public Service Commission and its reliability obligations under Section 215 of the Federal Power Act.

1.3

The *FRCC Regional Transmission Planning Process* is intended to ensure the long-term reliability, economic and public policy needs of the bulk power system in the FRCC Region (see section 1.3 endnote). An objective of the *FRCC Regional Transmission Planning Process* is to ensure coordination of the transmission planning activities within the FRCC Region in order to provide for the development of a reliable and economically robust transmission network in the FRCC Region. The process is intended to develop a regional transmission plan to meet the existing and future requirements of all customers/users, providers, owners, and operators of the transmission system in a

coordinated, open and transparent manner. The FRCC obtains and posts transmission owners' 10-year expansion plans on the FRCC website. All transmission providers/owners provide their long-term firm transmission service requests and generator interconnection service requests to the FRCC in a common format. The FRCC consolidates all requests for coordination purposes, and posts the consolidated requests available for viewing by all FRCC members.

Section 1.3 Endnote: 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.

1.3.1

This coordinated *FRCC Regional Transmission Planning Process* offers many opportunities for transmission providers to interact with customers and neighboring systems during the development of the transmission plan. The schedule of committee and working group meetings related to transmission planning is posted on the FRCC website under *FRCC Calendar*. FRCC meeting notices, meeting minutes and documents of FRCC Planning Committee and/or FRCC Board meetings in which transmission plans or related study results are exchanged, discussed or presented, are distributed by the FRCC. Detailed evaluation and analysis of the transmission providers/owners plans are conducted by the FRCC Transmission Working Group ("TWG") and Stability Working Group ("SWG") in concert with the FRCC Staff. The TWG and SWG are

further described below.

1.4

A general scope of the Planning Committee and the respective working groups related to transmission planning is described below. The scope of these committees is subject to change in the future in order to address evolving needs. The members of the Planning Committee and the working groups related to transmission planning are posted on the FRCC website under *FRCC Committees*. Contact with the Planning Committee and transmission working groups can be made through FRCC staff or through the chair of the respective committee or working group.

1.4.1

The Planning Committee promotes the reliability of the Bulk Power System in the FRCC, and assesses and encourages generation and transmission adequacy. The Planning Committee reports to the Board of Directors. Rules and procedures governing the Planning Committee are posted on the FRCC website under *Rules of Procedure for FRCC Standing Committees*. Working Groups related to transmission planning reporting to the Planning Committee are described below.

1.4.2

The Transmission Working Group engages in active coordination of transmission planning within the FRCC Region under the direction of the FRCC Planning Committee, and performs the duties as required by the *FRCC Regional Transmission Planning Process*. Some of the responsibilities and objectives of the Transmission Working Group are: 1) Maintain, update and provide summer and winter database cases for the FRCC including the bulk power transmission and generation systems, projected loads and any facility additions for an eleven year period; 2) Put together the FERC Form 715 filing and EIA-411 for FRCC members, prepare State of Florida electrical maps, etc.

1.4.3

The Stability Working Group engages in the active coordination of transmission planning in the FRCC Region, assesses stability of the FRCC bulk electric system under various conditions, and provides support to the other FRCC working groups as needed. Some of the responsibilities and objectives of the Stability Working Group are: 1) Maintain and update a dynamic data base for the FRCC Region; this data base is coordinated with selected FRCC planning horizon power flow cases as required by NERC Multi-regional Modeling Working Group and other FRCC study needs; 2) Assess dynamic performance of the FRCC bulk power system in response to Category B, C and D contingencies which includes special protection systems, under frequency load shedding programs, oscillatory stability, disturbances involving separation, etc..

Section 2 Openness

2.1

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

2.2

This openness principle is also incorporated in the *FRCC Regional Transmission*

Planning Process by which the Transmission Provider participates in along with other parties in the committee and working processes at the FRCC as described below. The participants in the planning process at the FRCC are the sector representative of the Planning Committee. A list of representatives may be found on the FRCC website under the *FRCC Planning Committee Member List*. The *Rules of Procedure for FRCC Standing Committees* document on the FRCC website describes the Planning Committee structure and processes as they relate to Organization Structure, Standing Committee Representation, Standing Committee Quorum and Voting, Duties of Officers and Representatives, General Procedures for Standing Committees, FRCC Representation on NERC Committees, Procedures of Minutes of Meetings and Conduct of the Meeting. Interested entities or persons may participate in the committees via participation within one of the identified sectors (Supplier Sector, Non-Investor Owned Utility Wholesale Sector, Load Serving Entity Sector (including municipals and cooperatives), Generating Load Serving Entity Sector, Investor Owned Utility Sector, and General Sector (this sector provides for any entity or individual's participation)). Moreover, at the FRCC regional level interested entities have an opportunity to raise any special requirements that they have and believe have not been addressed at the local level. For ease of reference, the FRCC quorum and voting provisions are shown in Appendix 2 of Attachment K.

2.2.1

The FRCC meeting dates are provided in the *FRCC Calendar* document on the FRCC website and the chairs and member representatives for the various committees are posted on the FRCC website under the *FRCC Committees*. The meeting agenda for the Planning Committee is normally provided two weeks prior to the meeting to the committee members. FRCC meeting notices, meeting minutes and documents of FRCC Planning Committee and/or FRCC Board meetings in which transmission plans or related study results will be exchanged, discussed or presented, are distributed by the FRCC.

2.2.2

The FRCC developed the *FERC Standards of Conduct Protocols* for the FRCC document for the purpose of ensuring proper disclosure of transmission information in accordance with FERC requirements. The primary rule is that a transmission provider must treat all transmission customers, affiliated and non-affiliated on a non-discriminatory basis, and it cannot operate its transmission system to give a preference to any transmission customer or to share non-public transmission or customer information with any transmission customer. The rules also prevent transmission function employees from sharing with their merchant employees and certain affiliates non-public transmission information about the transmission provider's transmission system or any other transmission system, which is information that the affiliated merchant employee receiving the information could use to commercial advantage. Reference the *FERC Standards of Conduct Protocols for the FRCC* posted on the FRCC website.

2.3

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

2.4

The FRCC conducts the FRCC planning process in an open manner in such a way that it ensures fair treatment for all customers/users, owners and operators of the transmission system. Stakeholders have access to and participate in the FRCC planning process. The committees and working groups described in this document are stakeholder groups.

The Planning Committee consists of six stakeholder sectors: Suppliers, Non-Investor Owned Utility Wholesalers, Load Serving Entities, Generating Load Serving Entities, Investor Owned Utilities, and General. The rules of procedure governing the Planning Committee in conducting the *FRCC Regional Transmission Planning Process* are posted under the *Rules of Procedure for FRCC Standing Committees* on the FRCC website. The FPSC is encouraged to and does participate in the *FRCC Regional Transmission Planning Process*.

2.5

The *FRCC Regional Transmission Planning Process* provides for the overall protection of all confidential and proprietary information that is used to support the planning process. A customer, user or other interested entity may enter into a confidentiality agreement with the FRCC and/or applicable transmission provider/owner, as appropriate, to be eligible to receive transmission information that is restricted due to Critical Energy Infrastructure Information (“CEII”), security, business rules and standards and/or other limitations. The procedure for requesting this type of information is delineated at the FRCC website under the *Request of CEII Data*.

Section 3 Transparency

3.1

Transmission Provider plans its transmission system in accordance with the NERC and FRCC Planning Reliability Standards, along with Transmission Provider’s own design, planning and operating criteria which it utilizes for all customers on a comparable and non-discriminatory basis. These standards/criteria are also referred to in the Transmission Provider’s FERC Form 715. In addition, Transmission Provider makes available Facility Connection Requirements, Capacity Benefit Margin (“CBM”) Methodology and other pertinent information used in the transmission planning process and posts this information on the Transmission Provider’s OASIS website.

3.2

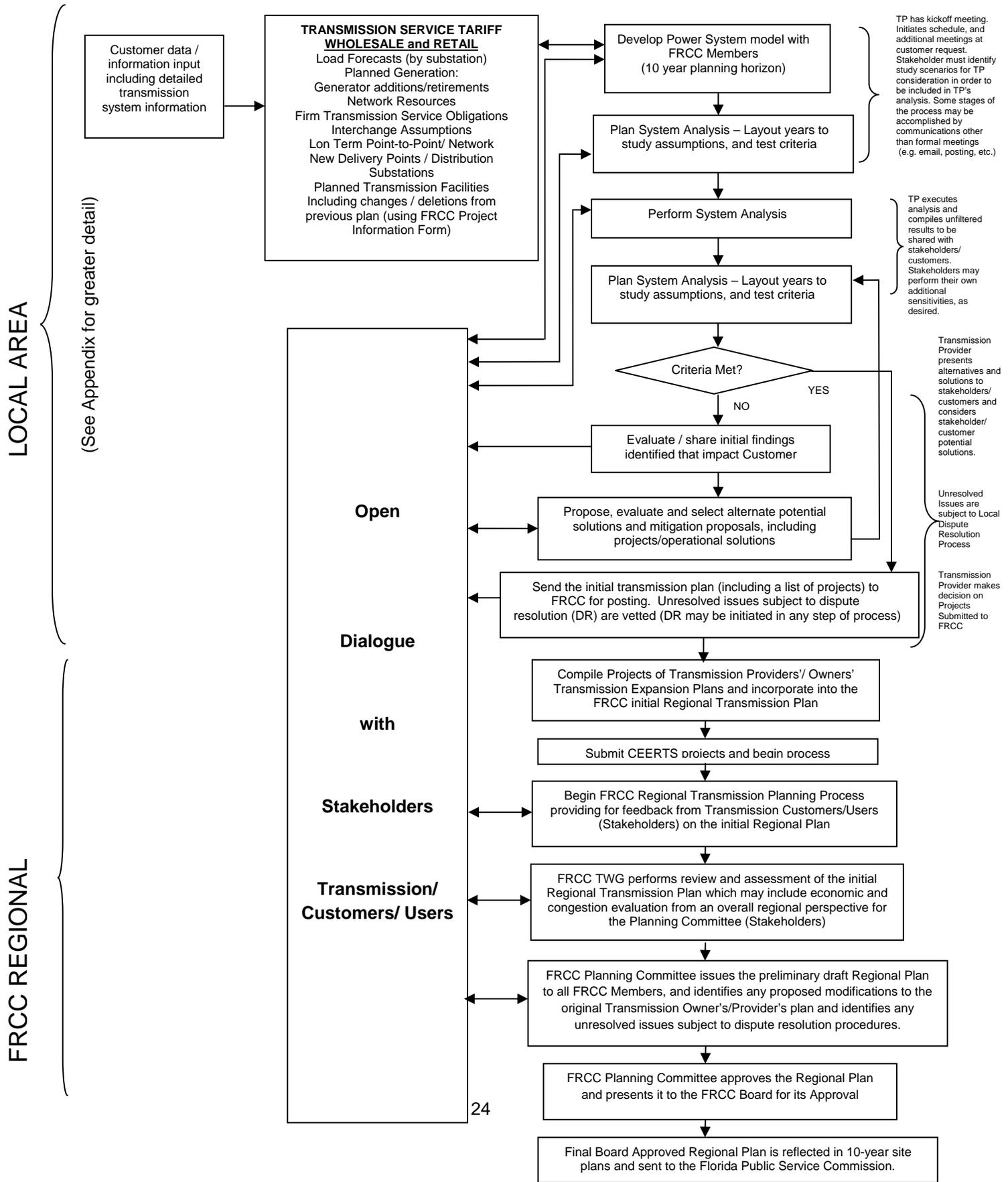
During the Transmission Provider's local area planning process the Transmission Provider utilizes the FRCC databanks which contain information provided by the Transmission Provider and customers of projected loads as well as all planned and committed transmission and generation projects, including upgrades, new facilities and changes to planned-in-service dates over the planning horizon, as the base case for Transmission Provider's studies. Transmission Provider makes available to a transmission service customer the underlying data, assumptions, criteria and underlying transmission plans utilized in the study process. Transmission Provider provides written descriptions of the basic methodology, criteria and processes used to develop plans. In order to get a better understanding, a transmission customer may inquire about the assumptions, data and/or underlying methods, criteria, etc. and the customer will be provided a response by the Transmission Provider's qualified technical representative. Dialogue during the study process is encouraged. The dialogue during the Transmission Providers local area planning process between the Transmission Provider and customers involves discussions of the initial findings that affect customers, potential alternatives including feasibility of mitigating any adverse findings, and third party impacts. Discussion of initial findings in areas of the system that affect customers is intended to communicate and validate with the customer issues or concerns identified by the Transmission Provider or conversely, issues not specifically identified by the Transmission Provider that may be of concern to the customers. As part of the process of identifying potential alternatives to mitigate any adverse issue or concern, the dialogue with the customer should facilitate the identification of the most effective solution. This dialogue during the different stages of the planning process provides for meaningful input and participation of transmission customers in the development of the transmission plan. The goal of this interaction between the Transmission Provider and customers is to develop a transmission expansion plan that meets the needs of the Transmission Provider and customer in a reliable cost effective manner. This planning process

between the Transmission Provider and customers is described in the process flow diagram below and in the more detailed description of the Local Transmission Network Planning Process as set forth in Appendix 1 to this Attachment K.

3.3

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

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



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 stakeholders. Transmission planning assumptions, transmission projects/upgrades and project descriptions, scheduled in-service dates for transmission projects and the project status of upgrades will be available to all customers through the FRCC periodic project update process. The FRCC updates and distributes transmission projects/upgrades project descriptions, scheduled in-service dates, and project status on a regular basis, no less than quarterly. The FRCC also updates and distributes on a periodic basis the load flow data base. The FRCC publishes the individual transmission providers' system impact

study schedules so that other potentially impacted transmission owners can assess whether they are affected and elect to participate in the study analysis. The FRCC planning studies are also distributed by the FRCC and updated as needed. All entities that have transmission projects/upgrades in the regional transmission plan shall provide updates on such projects at least annually.

3.6

The FRCC also produces the following annual reports which are submitted/available to the FPSC:

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

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.

4.2

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

4.3

The FRCC TWG sets the schedule for data submittal and frequency of information

exchange which starts at the beginning of each calendar year. Updates and revisions are discussed at the FRCC Planning Committee meetings by the members. This process requires extensive coordination and information exchange over a period of several months as the FRCC develops electric power system load-flow databank models for the FRCC Region. The models include data for every utility in peninsular Florida and are developed and maintained by the FRCC. The TWG is responsible for developing and maintaining power flow base cases. The FRCC power flow base case models contain the data used by the FRCC and transmission providers for intra- and inter-regional assessment studies, and other system studies. The models created also are the basis for the FRCC submittal to the NERC Multi-regional Modeling Working Group (“MMWG”). TWG members support the data collection requirements and guidelines related to the accurate modeling of generation, transmission and load in the power flow cases. The data collected includes:

For power flow models:

- Bus data; (name, base voltage, type, area assignment, zone assignment, owner)
- Load data; (bus, MW, MVAR, area assignment, zone assignment, owner)
- Generator data; (bus, machine number, MW, MVAR, status, P_{MAX}, P_{MIN}, Q_{MAX}, Q_{MIN}, MVA base, voltage set-point, regulating bus)
- Branch data; (from bus, to bus, circuit number, impedances, ratings, status, length, owner)
- Transformer data; (from bus, to bus, to bus, circuit number, status, winding impedances, ratings, taps, voltage control bus, voltage limits, owner)
- Area interchange data; (area, slack bus, desired interchange, tolerance)
- Switched shunt data

- Facts device data

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

- Generator models; (turbine, generator, governor, exciter, power system stabilizers)
- Relay models; (distance, out of step, underfrequency)
- Special protection scheme models

For short circuit models (in addition to power flow model data):

- Zero and negative sequence impedances;

The databank models are compiled and incorporate load projections by substations, firm transmission services, and transmission expansion projects over the 10 year planning horizon. Transmission Provider utilizes the FRCC databanks which contain projected loads as well as all planned and committed transmission and generation projects, including upgrades, new facilities and changes to planned in-service dates over the planning horizon, as the base case for Transmission Provider's studies. These databanks are maintained by the FRCC Transmission Working Group and are updated on a periodic basis to ensure that the assumptions are current. Transmission Provider makes available to a transmission service customer the underlying data, assumptions, criteria and transmission plans utilized in the study process. If information is deemed confidential, Transmission Provider requires the customer to enter into a confidentiality agreement prior to providing the confidential information.

4.4

The FRCC maintains databanks of all FRCC members' projected loads and planned and committed transmission and generation projects, including upgrades, new facilities, and changes to planned in-service dates. These databanks are updated on a periodic basis. The FRCC maintains and updates the load flow, short circuit, and stability models. All of this above information is distributed by the FRCC, along with the FRCC transmission

planning studies, subject to possible redaction of user sensitive or critical infrastructure information consistent with market and business rules and standards.

4.5

Any transmission developer that is not participating in the regional transmission planning process (and therefore not seeking regulated cost-of-service recovery) that proposes to develop a transmission project in the FRCC region shall provide to the FRCC PC and affected Transmission Providers in the FRCC region such information and data related to its proposed project that is necessary to allow the FRCC PC and affected Transmission Providers in the FRCC region to assess the potential reliability and operational impacts of the non-participant developer's proposed transmission facility on the transmission system in the region. The FRCC PC shall establish time frames for the provision of required information and data. Non-participant developers' transmission projects will not be included in long-term planning models or interconnected to the existing transmission system until and unless: 1) interconnection service has been requested of affected Transmission Provider(s); and 2) all interconnection studies have been completed.

Section 5 Comparability

5.1

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

5.2

Transmission Provider plans for forecasted load, generation additions/upgrades which include network resources and new distribution substations associated with retail service obligations. A network transmission customer provides corresponding data as part of the provision of service, such as load forecast data, generation additions/upgrades including network resource forecast, new delivery points, and other information needed by the Transmission Provider to plan for the needs of the customer. Both Transmission Provider and the transmission customers reflect their demand response resources within the information that is input within this planning process. The data required for planning the transmission system for both retail and wholesale customers is comparable. Transmission customers/users (retail and wholesale) accurately reflect their demand response resources appropriately in their load forecast projections. To the extent a customer/stakeholder has a demand response resource or a generation resource that is not incorporated into its submitted plans and such customer/stakeholder desires the Transmission Provider to specifically consider on a comparable basis such demand response resource or generation resource as an alternative to transmission expansion, or in conjunction with the Transmission Provider's transmission expansion plan, such customer/stakeholder sponsoring such demand response resource or generation resource shall provide the necessary information (cost, performance, lead time to install, etc.) in order for the Transmission Provider to consider such demand response resource or generation resource alternatives comparably with other alternatives. Any customer/stakeholder sponsoring a demand response resource or generation alternative should participate in the planning process. The Transmission Provider shall treat customer/stakeholder resources and its own resources on a comparable basis for transmission planning purposes. This comparability principle is also further described under the Local Transmission Planning Process as set forth in Appendix 1 to this Attachment K. The data/information is also provided to the FRCC for their use in databank development and analysis under the *FRCC Regional Transmission Planning*

Process. These data requirements are generally communicated by OASIS, email, letter or combination thereof.

5.3

Transmission providers/owners submit to the FRCC their latest 10-year expansion plans for their transmission systems, which incorporate the transmission expansion needed to meet the transmission customer requirements, including a list of transmission projects that provides for all of the firm obligations based on the best available information. The FRCC compiles and distributes a list of projects distributed from the transmission providers/owners and updates the project status to keep the list current. FRCC compiles and distributes the transmission providers/owners' 10-year expansion plans. All transmission users and other affected parties are asked to submit to the FRCC any issues or special needs that they believe are not adequately addressed in the expansion plans.

5.4

The regional planning process provides an opportunity for non-public transmission providers registered with NERC as Transmission Service Providers to enroll in the planning process for purposes of regional cost allocation by requesting enrollment through the FRCC. Public utility transmission providers will be deemed to be enrolled. The FRCC will validate the NERC registration for enrollment requests and will add qualified entities to the enrollment list, which will be posted and kept current on the FRCC website. Non-public utility transmission providers that do not enroll in the regional planning process will not be obligated to pay the costs of transmission facilities that would otherwise be allocable to them under Order No. 1000, nor will their projects be eligible for Order No. 1000 cost allocation.

Section 6 Dispute Resolution

6.1

If a dispute arises between a transmission customer and the Transmission Provider under the local transmission planning process set forth in Appendix 1 to this Attachment K or involving Transmission Service under the Tariff, the senior representatives of the Transmission Provider and the customer shall attempt to resolve the dispute and may mutually agree to utilize a mediation service for that purpose. However, if such dispute is not resolved, then the Dispute Resolution Procedures set forth in Article 12 of the Tariff shall govern. If a dispute arises involving the *FRCC Regional Transmission Planning Process* and/or cost allocation thereunder, then the dispute resolution process set forth in the FRCC Bylaws shall govern resolution of the dispute and the FRCC will notify the FPSC of any such dispute.

Section 7 Regional Participation

7.1

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

7.2

Each transmission provider/owner furnishes the FRCC with a study schedule for each system impact study so that other potentially affected transmission providers/owners can independently assess whether they may be affected by the request, and elect to participate in or monitor the study process. If a transmission provider/owner believes that it may be affected, it may participate in the study process.

7.3

FRCC has a reliability coordination arrangement with Southern Company Services, Inc. ("Southern"), which is located in the Southeastern Subregion of SERC Reliability Corporation ("SERC"). The purpose of the reliability coordination arrangement is to safeguard and augment the reliability on an inter-regional basis for Southern and the FRCC bulk power supply systems. This arrangement provides for exchanges of information and system data between Southern and the FRCC for the coordination of planning and operations in the interest of reliability. The arrangement also provides the mechanism for inter-regional joint studies and recommendations designed to improve the reliability of the interconnected bulk power system. The arrangement contributes to the safeguarding and augmenting of reliability through: (1) coordination of generation and transmission system planning, construction, operating, and protection to maintain maximum reliability; (2) coordination of interconnection lines and facilities for full implementation of mutual assistance in emergencies; (3) initiation of joint studies and investigations pertaining to the reliability of bulk power supply facilities; (4) coordination of maintenance schedules of generating units and transmission lines; (5) determination of requirements for necessary communication between the parties; (6) coordination of load relief measures and restoration procedures; (7) coordination of spinning reserve requirements; (8) coordination of voltage levels and reactive power supply; (9) other matters relating to the reliability of bulk power supply required to meet customer service requirements; and (10) exchange of necessary information, such as magnitude and characteristics of actual and forecasted loads, capability of generating facilities, programs

of capacity additions, capability of bulk power interchange facilities, plant and system emergencies, unit outages, and line outages.

7.4

Southern, PowerSouth Energy Cooperative (formally known as Alabama Electric Cooperative), Dalton Utilities, Georgia Transmission, MEAG Power, and South Mississippi Electric Power Association also sponsor the Southeastern Regional Transmission Planning (“SERTP”) forum. These SERTP sponsors are located within the Southeastern Subregion of SERC. The FRCC and the SERTP have established their respective links to transmission providers and FRCC/SERTP websites as applicable that contain study methodologies, joint transmission studies, inter-regional transmission service and generator interconnection service related studies, and the FRCC/SERTP process for requesting inter-regional economic studies. The FRCC website link that contains this type of information can be found under the *Florida-SERC Inter-Regional Transmission Information* folder. In this folder please refer to a document entitled *FRCC Inter-regional Coordination Process* that describes how information, modeling data and expansion plans are shared. The SERTP website link is <http://www.southeasternrtp.com>. Transmission providers within the FRCC and SERTP coordinate with each other as necessary in the performance of economic studies. The *FRCC SE Region Economic Study Request* document posted under the *Florida-SERC Inter-Regional Transmission Information* folder on the FRCC website describes the process and procedures for requesting inter-regional economic studies. FRCC and SERTP transmission providers plan to attend transmission planning forums when study findings are presented to stakeholders that impact their respective transmission systems.

7.5

The FRCC is a member of the Eastern Interconnection Reliability Assessment Group (“ERAG”) which includes other Eastern Interconnection reliability regional entities, the Midwest Reliability Organization, the Northeast Power Coordinating Council, Inc., Reliability First Corporation, SERC Reliability Corporation, and Southwest Power Pool.

The purpose of ERAG is to ensure reliability of the interconnected system and the adequacy of infrastructure in their respective regions for the benefit of all end-users of electricity and all entities engaged in providing electric services in the region.

Section 8 Economic Planning Studies

8.1

In the performance of an economic sensitivity study that is identified as part of the *FRCC Regional Transmission Planning Process*, Transmission Provider plans to participate in such study utilizing the procedures that are contained in the *FRCC Regional Transmission Planning Process*. If Transmission Provider receives a specific request to perform economic studies for a transmission customer, Transmission Provider plans to utilize the OASIS for such requests. To the extent an economic study would involve other transmission providers/owners, Transmission Provider will coordinate with these providers/owners in performing the study. Stakeholders will collectively be allowed to request the performance of up to five (5) economic planning studies annually, at no charge to the individual requesting customer(s). The cost of the sixth and subsequent economic planning studies requested in a calendar year shall be assessed to the individual customer(s) requesting such studies. If there are similar interests for certain economic studies, stakeholders can coordinate with each other and the Transmission Provider during the transmission planning process to collectively select the five no-charge economic studies. If more than five economic planning studies are requested and the stakeholders are unable to agree on the selection of the five no-charge economic planning studies, then the Transmission Provider will select the five no-charge economic planning studies by selecting one study per stakeholder based on the time the economic planning study was submitted on OASIS (up to a maximum of five stakeholders) and continuing this iterative process until the five no-cost economic planning studies have been selected. In the event the Transmission Provider receives more than one request for an economic planning study which the Transmission Provider determines: (i) will have overlapping time periods of study; (ii) may involve the same facilities; and (iii) can be

reasonably performed on a clustered basis, then the Transmission Provider will, either at the request of transmission customer(s) requesting the studies or if the Transmission Provider deems it to be appropriate, offer to cluster two or more qualifying study requests which meet the aforementioned criteria for an economic planning study. Transmission customers agreeing to the clustering must also agree: (i) to remain in the cluster throughout the performance of the study; and (ii) to share equally in the cost of the study, to the extent that there are such costs (i.e., for economic planning study requests beyond the first five in any calendar year). The Transmission Provider will consider an economic planning cluster study under this section as a single study in the context of the number of studies done at no cost each year.

8.2

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

Section 9 Cost Allocation

Subsections 9.1 – 9.3 apply to cost allocation for third party impacts resulting from the FRCC Regional Planning Process; subsection 9.4 applies to cost allocation for CEERTS projects. The cost allocation provisions contained in the section relate to cost allocation procedures for specific circumstances as described herein. All other transmission cost allocation not specifically described below is provided in accordance with OATT provisions for generation interconnection and for network and point-to-point transmission service.

9.1

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

9.2

The FRCC Principles for Sharing of Certain Transmission Expansion Costs: (i) sets forth certain principles regarding the provision of financial funding to Transmission Owners (note: for this purpose, “Transmission Owner” means an electric utility owning transmission facilities in the FRCC Region) that undertake remedial upgrades to, or expansions of, their systems resulting from upgrades, expansions, or provisions of services on the systems of *other* Transmission Owners, and (ii) procedures for attempting to resolve disputes among Transmission Owners and other parties regarding the application of such principles. These principles shall not apply to transmission upgrades

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

9.3 Principles

9.3.1

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

9.3.2

If, and to the extent that, the need for a 230 kV or above upgrade to, or expansion of, the transmission system of one Transmission Owner (the “Affected Transmission Owner”) is reasonably expected to result from, upgrade(s) or expansion(s) to, or new provisions of service on, the system(s) of another Transmission Owner or Transmission Owners (hereinafter “Precipitating Events”), and if such need is reasonably expected to arise within the FRCC planning horizon, the Affected Transmission Owner shall be entitled to receive Financial Assistance (as defined herein) from each other such Transmission Owner and other parties, to the extent consistent with the other provisions hereof. Such upgrade or expansion to the Affected Transmission Owner’s system shall hereinafter be referred to as the “Remedial Upgrade.” Upgrade(s), expansion(s), or provisions of service on another Transmission Owner’s system that may result in the need for a Remedial Upgrade on the Affected Transmission

Owner's system for which Financial Assistance is to be provided hereunder include the following Precipitating Events:

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

Specific non-Precipitating Events are as follows: 1) Transmission requests that have already been confirmed prior to adoption of these principles; 2) Qualifying rollover agreements that are subsequently rolled over; 3) Redirected transmission service for sources to the extent the redirected service does not meet the Threshold Criteria described in subsection 9.3.5.1. Existing flows would not be considered "incremental."; and 4) Repowered generation if the MW output of the facility is not increased, regardless of whether the repowered unit is used more/less hours of the year.

9.3.3

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

9.3.4

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

9.3.5

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

9.3.5.1

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

9.3.5.2

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

9.3.5.3

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

9.3.6

In order for a Transmission Owner to be entitled to receive Financial Assistance from another party or parties hereunder in connection with a particular Remedial Upgrade, that Transmission Owner must: (i) participate, directly or indirectly, in the *FRCC Regional Transmission Planning Process*, and (ii) identify itself as an

Affected Transmission Owner and identify the subject Remedial Upgrade in a timely manner once it learns of the need for that Remedial Upgrade.

9.3.7

The following principles govern the nature and amount of Financial Assistance that an Affected Transmission Owner is entitled to receive from one or more other parties with respect to a Remedial Upgrade:

9.3.7.1

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

9.3.7.2

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

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

9.3.7.3

Initially, there are six zones in the FRCC region. A request by a party to modify one or more zones should be substantiated on its merits (e.g., technical analysis, area of limited transmission capability). Below are principles that will guide how the boundaries of zones are determined:

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

9.3.7.4

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

9.3.8 Implementation and Dispute Resolution Process:

9.3.8.1

As soon as practical after a Transmission Owner shall have identified itself as an Affected Transmission Owner because of the need for a Remedial Upgrade, that Transmission Owner and parties whose actions shall have contributed, or are reasonably expected to contribute, to the need for that Remedial Upgrade which may be responsible for providing Financial Assistance in connection therewith in accordance herewith shall enter into good faith negotiations to: (i) confirm the need and cause for the Remedial Upgrade and their respective responsibilities for providing Financial Assistance to the Affected Transmission Owner, and (ii) establish a fair and reasonable schedule and means by which such

Financial Assistance is to be provided to the Affected Transmission Owner.

9.3.8.2

In the event the parties identified in the foregoing subsection are unable to reach agreement on the determination or assignment of cost responsibility within a sixty (60) day period, the dispute shall be resolved pursuant to the dispute resolution provisions of the FRCC Bylaws.

9.3.8.3

Nothing in this document is intended to abrogate or mitigate any rights a party may have before any regulatory or other body having jurisdiction.

9.3.8.4

During those circumstances in which this Section 9.3.8 pertaining to Dispute Resolution Process is being utilized due to parties being unable to reach agreement on the determination or assignment of cost responsibility associated with a Remedial Upgrade(s), the parties shall continue in parallel with the Dispute Resolution Process with the engineering, permitting and siting associated with the Remedial Upgrade(s). **The fact that a matter is subject to Dispute Resolution hereunder shall not be a basis for any party being relieved of its obligations under this document.**

9.4 Cost Allocation for CEERTS Projects

9.4.1

The general principle is to allocate the cost of a CEERTS project to the entities that benefit from the project in proportion to the benefits received. Entities that receive no benefit from a CEERTS project will not be allocated any project costs.

9.4.2

Project beneficiaries for a CEERTS project will be Transmission Providers within the FRCC region enrolled in the regional planning process (on behalf of their retail and wholesale customers) which will benefit from the project.

9.4.3

The cost allocation for CEERTS projects is based on avoided transmission costs. Avoided transmission costs are the costs of projects in the regional transmission plan that would otherwise have been constructed in the absence of an approved CEERTS project. The avoided transmission cost of each Transmission Provider that is provided by the CEERTS project is the benefit to that Transmission Provider. The avoided transmission cost of each Transmission Provider divided by total avoided transmission costs is multiplied by the CEERTS project cost to determine the CEERTS project cost allocated to each Transmission Provider. Examples of CEERTS cost allocation are provided in Appendix 4.

9.4.4 Transmission Project Funding and Rate Base/Cost Recovery:

9.4.4.1 If incumbent Transmission Providers are the only transmission developers for a particular project, then they shall have two options in the initial transmission project funding and subsequent cost recovery:

- (1) Incumbent Transmission Providers may fund the transmission project in proportion to their cost responsibility for the project. For the portions of the projects that each of the companies were building that were related to their cost responsibility, the companies would include those transmission costs within their respective rate bases. The costs would be reflected in FERC filed OATT rates and on-going retail surveillance reporting and subsequent retail rate case filings. For the portion of the funding that was being provided for the transmission to be built by someone other than the

incumbent, the payments by the incumbent would be treated as a deferred debit, and the balance would be amortized over a period of time commensurate with the level of investment, but in no case longer than the useful life of the facility. The unamortized deferred debit would be included in rate base until it is fully amortized to expense. The company receiving the money would treat these monies as a Contribution in Aid to Construction (CIAC) and thus have no associated net book investment in its transmission rate base. CIAC for these purposes will be grossed up for income taxes if applicable. This option would not require a stand-alone FERC rate filing.

- (2) Incumbent Transmission Providers may fund the portion of the transmission project that their company would be building/developing. Incumbent transmission providers would include the portion of the transmission project costs that they are funding to satisfy their cost responsibilities; they would include those costs within their respective rate bases for recovery in their routine wholesale and retail rates processes. For those portions of the project costs that were over and above their cost responsibility, the incumbent transmission providers would file with FERC to recover their Transmission Revenue Requirement ("TRR") associated with those project costs, as appropriate. In addition to including the TRR for those portions of the project costs that were over and above their cost responsibility, the incumbent Transmission Providers would also include any TRR costs allocated to them in their respective wholesale and retail cost of service (e.g. in FERC-filed cost of service in support of FERC-approved OATT rates and in retail surveillance reporting and retail rate cases).

9.4.4.2 If a non-incumbent transmission developer builds the transmission project, it shall file with FERC to recover its TRR from the incumbent Transmission Providers in accordance with their cost responsibilities. The incumbent Transmission Providers may include those costs allocated to them in their respective wholesale

and retail rates (e.g., in FERC-filed cost of service in support of FERC approved OATT rates and in retail surveillance reporting and retail rate cases).

9.4.4.3 Incumbent Transmission Providers with formula-based OATT rates shall be allowed to revise their formula rates to include the deferred debit balance as directly assignable transmission function rate base, and amortization expense should be included as transmission function specific O&M.

9.4.5 Allocation of Transmission Rights:

Transmission Providers allocated costs of CEERTS projects shall have priority with regard to any transmission rights associated with such projects, in proportion to their respective share of such costs.

Section 10 Recovery of Planning Costs

10.1

Planning study costs incurred by the Transmission Provider in the performance of studies requested by a customer/stakeholder associated with transmission service or generator interconnection service are separately addressed in this tariff under provisions that require the customer/stakeholder to pay the cost of such studies. Planning study costs incurred by the Transmission Provider in the performance of the first five economic planning studies will be absorbed by the Transmission Provider in its normal course of business of performing its obligations under this Attachment K. The cost of the sixth and additional economic planning studies in a calendar year will be assessed to the requesting entity as set forth in Section 8.1. Other general transmission planning costs not associated with the above studies are routine cost-of-service items that would be reflected in both wholesale and retail transmission rates as appropriate.

Section 11 Public Policy Planning

11.1

To be considered in transmission planning, a public policy requirement must be reflected in state, federal, or local law or regulation (including an order of a state, federal, or local

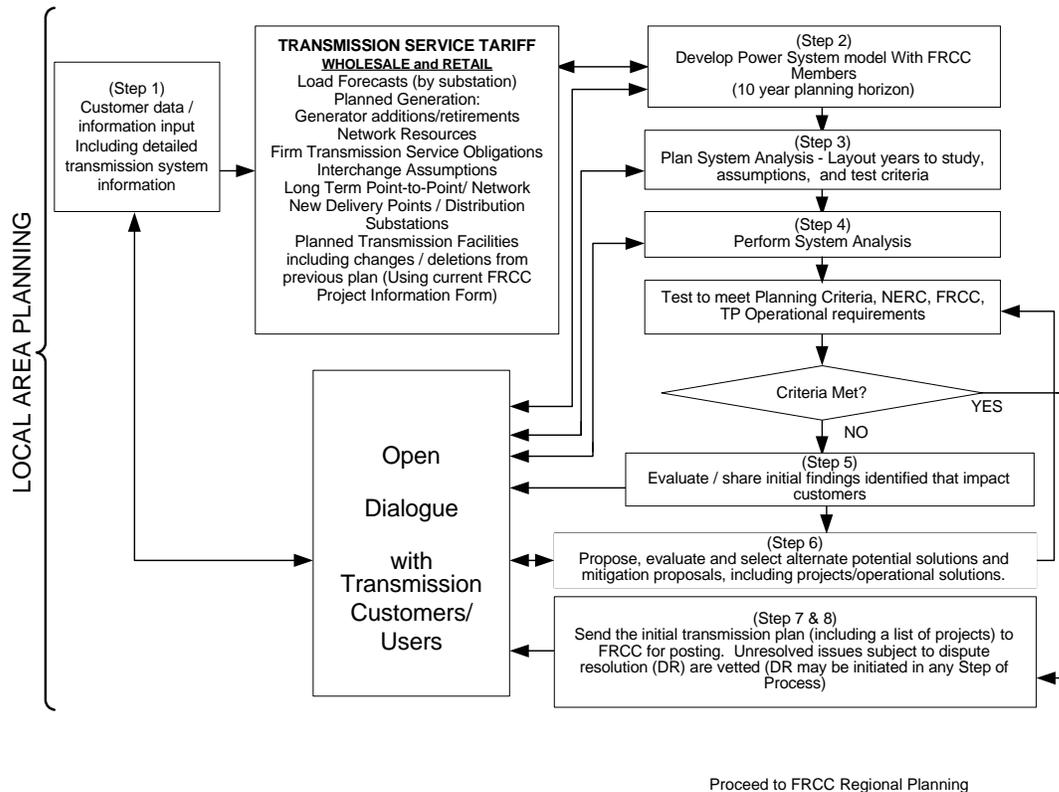
agency). The public policy requirement must drive a transmission need that is not readily met through existing, approved requests for new transmission service and/or already planned transmission facilities. Potential public policy transmission needs shall be submitted to the FRCC. The FRCC PC, under the oversight of the FRCC Board, will evaluate those submittals and make a decision as to whether a public policy requirement is driving a transmission need that is not otherwise readily, cost-effectively, and efficiently met through existing requests for new transmission service and/or already planned transmission facilities, and will post this determination on the FRCC website, along with an explanation of that determination. If a public policy transmission need is identified, CEERTS and local projects may be proposed to address such a need.

Appendix 1 to Attachment K

Local Transmission Network Planning Process – Process Description

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



Local Transmission Network Planning Process – Process Description

Overview:

- The Transmission Provider, which is ultimately responsible for the development of the Transmission Provider's annual 10 Year Expansion Plan, will lead the Local Process on a coordinated basis with the Customers/Stakeholders. This Local Transmission Planning Process will be implemented in such a manner as to ensure the development of the Local Transmission Plan in a timely manner. The Transmission Provider will facilitate each meeting throughout the process. The Transmission Provider will encourage an open dialogue and the sharing of information with Customers/Stakeholders (subject to confidentiality requirements and FERC Standards of Conduct – *note*: the provision for handling of information also applies to all steps of the Local Process) in the development of the Local Transmission Plan.

- Customers/Stakeholders are invited to participate in the Transmission Provider's Local Process.
- The Local Process will comply with the FERC nine principles as well as the provisions below.
- All annual initial kick-off meetings will be open to all Customers/Stakeholders and noticed by the Transmission Provider to all Customers/Stakeholders with sufficient time to arrange for travel planning and attendance (two week minimum). The annual initial kick-off meeting will be a face-to-face meeting; otherwise, with the consent of the Customers/Stakeholders, meetings may be organized as face-to-face meetings, conference calls, web-ex events, etc., wherein the dialogue and communications will be open, direct, detailed, and consistent with the FERC Standards of Conduct and confidentiality requirements.
- The Customers/Stakeholders may initiate the dispute resolution process at any point in the Local Process where agreement between the Transmission Provider and Customer(s)/Stakeholder(s) cannot be reached.
- The entities generally responsible for undertaking the tasks described below are designated as the TP (Transmission Provider) and/or the S (Customers/Stakeholders).

The study process will include the following steps:

(i) Data Submission Requirements (STEP 1 – 3 months)

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

Customers/Stakeholders will submit data to the Transmission Provider in a format that is compatible with the transmission planning tools in common use by the Transmission Provider. The Transmission Provider will identify the data format to be used by the Customers/Stakeholders for all data submissions, or absent a Transmission Provider identified data format, the Customers/Stakeholders will use their discretion in selection of data format. Examples of data that may be required are:

- Load forecasts, if appropriate:
 - Coincident and non-coincident Peak load forecasts will be provided for the subsequent 11 years, for each summer and winter peak season, with real power and reactive power values for each load serving substation (reflected to the transformer high-side) or delivery Point, as applicable.
- Transmission Delivery Points, if appropriate:
 - Delivery Point additions and/or Delivery Point modifications that have not previously been noticed to the Transmission Provider will be communicated by the Customer/Stakeholder to the Transmission Provider via the standard Delivery Point Request letter process.
 - Delivery Point additions and/or Delivery Point modifications that have not previously been included in the FRCC Databank Transmission Planning models will be provided by the Customers/Stakeholders to the Transmission Provider via the standard FRCC Project Information Sheet ("PIF") per the attached Transmission Provider provided form and by the Siemens PTI PSS/E IDEV file format, compatible with the Siemens PTI PSS/E version in common use throughout the FRCC Region at that time.
- Network Resource Forecast, if appropriate:
 - Network Resource forecasts will be provided for the subsequent 11 years, for each summer and winter peak season. At a minimum, the following data will be

provided: 1. the name of each network resource; 2. the total capacity of each network resource; 3. the net capacity of each resource; 4. the designated network capacity of each resource; 5. the Balancing Authority Area wherein each network resource is interconnected to the transmission grid; 5. the transmission path utilized to deliver the capacity and energy of each network resource to the Transmission Provider's transmission system; 6. the Transmission Provider's point of receipt of each network resource; 7. the contract term of each network resource, if not an owned network resource; and 8. the dispatch order of the entire portfolio of network resources (subject to confidentiality requirements and Standards of Conduct).

- How, where, and to whom, the data will be submitted to:
 - If hardcopy, the Transmission Provider will provide the mailing address;
 - If faxed, the Transmission Provider will provide the fax number;
 - If e-mailed, the Transmission Provider will provide the e-mail address;
 - If delivered to a password protected FTP site or e-vault, the Transmission Provider will provide the folder for the data, the contact person to be notified of the data delivery, etc. consistent with confidentiality requirements and FERC Standards of Conduct.

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

(ii) Stakeholder Data Submissions (S) (STEP 1 – con't)

- On or before January 1st of each calendar year, the Customers/Stakeholders will submit the required data (as directed by the Transmission Provider procedures communicated in A. above), plus any additional data that they believe is relevant to the process.
- On or before January 1st of each calendar year, the Customers/Stakeholders will submit to the Transmission Provider the name(s) and contact details for those individuals that will

represent them as the point(s) of contact for resolution of any data submittal or study questions/conflicts.

- On or before January 1st of each calendar year, the Customers/Stakeholders will submit the name(s) of those individuals that will represent them during the FRCC Data Bank Transmission Planning Model development process and throughout the Local Process. Name(s), contact details, and their FERC Standards of Conduct status (i.e., Reliability Only, Merchant function, etc.) will be provided. The contact individuals can be changed by the Customers/Stakeholders with notice to Transmission Provider.

(iii) FRCC Data Bank Transmission Planning Model Development Process (TP/S) (STEP 2 – 2 months)

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

(iv) Kick-off for Transmission Provider's Local Transmission Network Planning Process (STEP 2 – con't - 1 month)

- The Transmission Provider will, approximately two (2) weeks prior to the second quarter initial kick-off meeting (or other date, if Transmission Provider and Customers/Stakeholders agree), communicate via e-mail with all Customers/Stakeholders the schedule/coordination details of the Transmission Provider's Local Process kick-off meeting(s). Customer/Stakeholder shall provide to Transmission Provider a confirmation of their intent to participate in the initial kick-off meeting at least three (3) days prior to such meeting. (TP)
- The Transmission Provider will, in advance of the Kick-off meeting(s), with sufficient time for Customer/Stakeholder review, provide to the Customers/Stakeholders a proposed study schedule, the NERC and FRCC Reliability Standards that will apply to the study, and/or guidelines that will apply to the study and Transmission Provider developed criteria that will apply to the study. (TP)

- The initial Kick-off meeting in the second quarter of the calendar year will begin the Transmission Provider's Local Process. The Transmission Provider will review and validate the input data assumptions received from each Customer/Stakeholder, discuss the proposed study schedule, and discuss the study requirements, which will include, but not be limited to, the following:
 - The methodologies that will be used to carry out the study (TP/S)
 - The specific software programs that will be utilized to perform the analysis (TP)
 - The Years to study (TP/S)
 - The load levels to be studied (e.g., peak, shoulder and light loads) (TP/S)
 - The criteria for determining transmission contingencies for the analysis (i.e. methods, areas, zones, voltages, generators, etc.) (TP/S)
 - The Individual company criteria (i.e., thermal, voltage, stability and short circuit) by which the study results will be measured (TP/S)
 - The NERC reliability standards by which the study results will be measured (TP/S)
 - The FRCC reliability standards and requirements by which the study results will be measured (TP/S)
 - Customer/Stakeholder proposed study scenarios for Transmission Provider consideration in the analysis (TP/S)
- The kick-off process will be complete when the schedule, standards, criteria, rules, tools, methods and Customer/Stakeholder participation are finalized for the study process to (described below) begin. (TP/S)

(v) Case Development (TP) (STEP 3 – 1 month)

- Utilizing all of the data received from the Customers/Stakeholders during the data submission stage and the standards, criteria, rules, tools, and methods determined in the kick-off meeting(s), the Transmission Provider will develop the base case models to be

used for the study. These models will be developed in the Siemens PTI PSS/E file format, compatible with the Siemens PTI PSS/E version in use by the Transmission Provider.

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

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

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

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

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

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

- The Transmission Provider will identify potential solutions / mitigation proposals to address problems / issues. (TP)
- The Transmission Provider will document, electronically post, and provide notice to the Customers/Stakeholders of the posting of the identified potential solutions / mitigation proposals to address problems / issues related to the impacted Customer(s)/Stakeholder(s).
- The Customers/Stakeholders may provide alternative potential solutions / mitigation proposals for the Transmission Provider to consider. Such information shall be provided in IDEV format and posted. (TP/S)
- The Transmission Provider will determine the effectiveness of the potential solutions through additional studies (thermal, voltage, stability and short circuit). The Transmission Provider may modify the potential solutions, as necessary, such that required study criteria are met. (TP)
- The Transmission Provider will identify feasibility, timing and cost-effectiveness of proposed solutions that meet the study criteria. (TP/S)

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

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

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

- The Transmission Provider will submit the Transmission Provider's proposed local transmission network plan results (the Transmission Provider's 10 Year Expansion Plan) to the FRCC for posting with other transmission plans as the FRCC's initial regional transmission expansion plan (reference the *Initial Plans* on the FRCC website), along with an indication whether there are any pending disagreements regarding the Plan (and if there are, will elicit from the dissenting entity(ies), and provide, a minority report regarding such differences of opinion). The Transmission Provider's 10 Year Expansion Plan will include all transmission system projects without differentiation between bulk transmission system projects and lower voltage transmission system projects (i.e. all projects 69 kV and above). This Transmission Provider submittal to the FRCC will be made on or about April 1 and will become part of the Initial FRCC Regional Plan. (TP)
- The *FRCC Regional Planning Process* will now start and the FRCC Regional Planning Process rules and guidelines will now control the transmission planning process. (TP/S)
- Following completion of the Transmission Provider's submission of the local transmission network plan results (the Transmission Provider's 10 Year Expansion Plan) to the FRCC, the Transmission Provider will, either directly or through the FRCC project status reporting process, make available to the Customers/Stakeholders project descriptions, project scheduled in-service dates, project status, etc. for all projects. This information should be updated no less often than quarterly. (TP)

Appendix 2 to Attachment K

FRCC Quorum and Voting Sectors

Note: The below descriptions of the FRCC's Quorum and Voting provisions were extracted from the FRCC *Rules of Procedure for FRCC Standing Committees*. The Planning Committee is one of the Standing Committees within the FRCC.

A. Quorum

Representation at any meeting of the standing committees of 60% or more of the total voting strength of the Standing Committee, shall constitute a quorum for the transaction of business at such meeting; provided, however, that action on matters dealing with the scope or funding of Member Services shall require sixty percent (60%) or more of the total voting strength of members of the Standing Committee representing Voting Members that are Services Members; and provided further that a quorum shall require that at least three (3) Sectors are represented, all three of which shall be Sectors, a majority of the members of which are Services Members in the case of a quorum for action on matters governing Member Services.

If a quorum is not present at any meeting of the standing committees, then no actions may be taken for the purpose of voting. The representatives present may decide to have discussions concerning agenda items as long as voting is not called.

B. Voting

Voting is by Sector. Each voting representative present at a meeting is assigned a vote equal to the voting strength of their Sector, as provided in this section, divided by the number of voting representatives present in that Sector, except that no voting representative present at a meeting shall have more than one (1) vote, except an Investor Owned Utility Sector voting representative who may have up to 1.167 votes. Action by the Standing Committee

Appendix 3 to Attachment K

Project Developer Qualification Criteria

1. Demonstration that the project developer is physically, technically, and financially capable of (i) completing the CEERTS project in a timely and competent manner; and (ii) operating and maintaining the CEERTS facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project. To support this demonstration, the following information should be provided/shown:
 - A. Financial resources:
 1. Current credit ratings from Moody's Investor Services and Standard & Poors, if available;
 2. Ability to assume liability for major losses resulting from failure of facilities;
 3. To the extent a project developer is an electric utility and relies on an affiliated transmission and distribution utility for credit, investment, or other financing arrangements, demonstration that any such arrangement complies with applicable legal and regulatory requirements and restrictions;
 4. A summary of any history of bankruptcy, dissolution, merger, or acquisition of the project developer or any predecessors in interest for the current calendar year and the five calendar years immediately preceding its submission of information related to affiliated entities;
 5. A summary of outstanding liens against the developer(s) and/or its subcontractors;
 6. Demonstration that the developer can obtain the necessary professional business and/or construction licensing in the applicable cities, counties and states (Florida, and any others if the project crosses state boundaries).
 - B. Cost containment capability and other advantages the project developer may have to build the specific project, including any binding agreement by the project developer to accept a cost cap that would preclude project costs above the cap from being recovered from the project beneficiaries.

- C. A discussion of the project developer's business practices that demonstrate that its business practices are consistent with Good Utility Practices for proper licensing, designing, right-of-way acquisition, constructing, operating and maintaining transmission facilities that will become part of the regional transmission grid. The project developer shall also provide the following information for the current calendar year and the previous five calendar years:
 - 1. A summary of any violations of law by the project developer found by federal or state courts, federal regulatory agencies, state public utility commissions, other regulatory agencies, or attorneys general; and
 - 2. A summary of any instances in which the project developer is currently under investigation or is a defendant in a proceeding involving an attorney general or any state or federal regulatory agency, for violation of any laws, including regulatory requirements.
 - D. Technical and engineering qualifications and experience;
 - E. Past history of meeting transmission project schedules;
 - F. Past history regarding providing construction and maintenance of transmission facilities and/or contracting for the construction and maintenance of transmission facilities;
 - G. Capability to adhere to standardized construction, maintenance and operating practices;
 - H. Plans for compliance with all applicable reliability standards:
 - I. Planning standards that will be used to develop the project: and
 - J. Plans to obtain the appropriate NERC certifications.
2. An attestation from an officer of the project developer stating that the information that is being submitted is true and that the project developer will comply with the provisions identified in the qualification data submittal, and an annual (or more often if the information provided has materially changed) update of the information submitted, accompanied by an attestation from an officer of the project developer that the previously

- submitted information remains correct and has not materially changed since the last attestation, with such attestation to be submitted each year that the transmission developer has a transmission project under consideration in the FRCC Regional Planning Process, under construction in the FRCC region or in-service within the FRCC region.
3. For joint ventures, partnerships, or other multiple-party developer arrangements, the qualification criteria above will be applied to the designated lead entity, which will be responsible for meeting the qualification criteria. Sharing of such responsibilities with other entities may be achieved contractually between the designated lead entity and its partners.

Appendix 4 to Attachment K

Examples of CEERTS Avoided Cost Methodology

Example 1:

- CEERTS project where Companies A & B each receive benefits from the project
- The transmission project developer is a non-incumbent transmission developer

Assumptions:

- Total capital cost of the CEERTS Project = \$400 M
- Avoided transmission capital cost = \$500 M:
 - Company A = \$300 M
 - Company B = \$200 M

Benefit to Cost Ratio:

- Total capital cost of transmission avoided (\$500 M) / capital cost of the CEERTS project (\$400 M) = 1.25, therefore this CEERTS project passes the benefit to cost ratio threshold.

CEERTS Cost Allocation:

- Project beneficiaries:
 - Company A = 60% of the transmission cost responsibility
 - Company B = 40% of the transmission cost responsibility

Example 2:

- CEERTS project where Companies A & B each receive benefits from the project
- The transmission project developer is a non-incumbent transmission developer

Assumptions:

- Total capital cost of the CEERTS project = \$400 M
- Avoided transmission capital cost = \$300 M:
 - Company A = \$100 M
 - Company B = \$200 M

Benefit to Cost Ratio:

- Total capital cost of transmission avoided (\$300 M) / capital cost of the CEERTS project (\$400 M) = 0.75, therefore this CEERTS project does not pass the benefit to cost ratio threshold.

CEERTS Cost Allocation:

- N/A

Example 3:

- CEERTS project where Companies A & B each receive benefits from the project
- The transmission project developer is a non-incumbent transmission developer

Assumptions:

- Total capital cost of the CEERTS project = \$400 M
- Avoided transmission capital cost = \$450 M:
 - Company A = \$250 M
 - Company B = \$200 M

Benefit to Cost Ratio Triggering Long Term Comprehensive Net Present Value Analysis:

- Total capital cost of transmission avoided (\$450 M) / capital cost of the CEERTS project (\$400 M) = 1.125; because this ratio is between 1.25 and 1.0 this CEERTS project is comprehensively analyzed for long term net present value costs using a traditional revenue requirements approach.
- If the net present value cost of the CEERTS project is less than the net present value cost of the avoided transmission project(s), then the CEERTS project passes the cost benefit analysis. If the net present value cost of the CEERTS project is more than the net present value cost of the avoided transmission project(s), then the CEERTS project does not pass the cost benefit analysis.

CEERTS Cost Allocation (Assuming Passage of Cost Benefit Test):

- Project beneficiaries:
 - Company A = 55.6% of the transmission cost responsibility
 - Company B = 44.4% of the transmission cost responsibility

APPENDIX B

FPL OATT - Attachment K

Red-Lined

Attachment K Transmission Planning Process

ATTACHMENT K

Transmission Planning Process

Transmission Provider plans for the existing and future requirements of all customers of Transmission Provider's transmission system in a coordinated, open, comparable, non-discriminatory and transparent manner both at the local and regional level. The Transmission Planning Process described herein includes Transmission Service for Transmission Provider's Native Load Customers, Network Customers, Firm Point-to-Point Transmission Customers, and Generator Interconnection Service for Interconnection Customers. The Transmission Planning Process is intended to provide transmission customers the opportunity to interact with the transmission planning personnel of the Transmission Provider in order for transmission customers to provide timely and meaningful input into the development of the transmission plan. Transmission Provider's Transmission Planning Process works in conjunction with and is an integral part of the *Florida Reliability Coordinating Council's ("FRCC") Regional Transmission Planning Process* (reference the FRCC website for this document) which facilitates coordinated planning by all transmission providers, owners and stakeholders within the FRCC Region. The FRCC is one of the North American Electric Reliability Corporation ("NERC") Regional Reliability Organizations, with responsibility for maintaining grid reliability in Peninsular Florida, east of the Apalachicola River. This region is electrically unique because it is a peninsula and is tied to the Eastern Interconnection only on one side. FRCC's members include investor owned utilities, cooperative utilities, municipal utilities, a federal power agency, power marketers, and independent power producers. The FRCC Board of Directors has the responsibility to ensure that the *FRCC Regional Transmission Planning Process* is fully implemented. The FRCC Planning Committee, which includes representation by all FRCC members, directs the FRCC Transmission

Working Group, in conjunction with the FRCC Staff, to conduct the necessary studies to fully implement the *FRCC Regional Transmission Planning Process*. The descriptions of the *FRCC Regional Transmission Planning Process* set forth herein summarize the elements of that process as they relate to Transmission Provider and the principles of the Final Rule in Docket No. RM05-25-000. The Florida Public Service Commission (“FPSC”) is an integral part of the planning process by providing input, guidance, regulatory oversight and decision-making under this process. Additionally, the FPSC conducts workshops on an annual basis to review the transmission and generation expansion plans for Florida. The FPSC, under Florida law, has the authority to ensure an adequate and reliable electric system for Florida. As set forth below, Transmission Provider’s Transmission Planning Process is a seamless process that fully integrates both the local and regional transmission planning and is designed to satisfy the following principles, as defined in the FERC Final Rule in Docket No. RM05-25-000: (1) coordination, (2) openness, (3) transparency, (4) information exchange, (5) comparability, (6) dispute resolution, (7) regional coordination, (8) economic planning studies, and (9) cost allocation for new projects. Descriptions of the *FRCC Regional Transmission Planning Process* are contained herein as they relate to Transmission Provider’s Transmission Planning Process.

End Notes:

1. The FRCC ~~provides a pageposts~~ on its website ~~whereat~~ <https://www.frcc.com> all of the FRCC documents referenced in this Attachment K ~~are listed along with their URL addresses. The URL address for this FRCC webpage is:~~ https://www.frcc.com/Planning/Shared%20Documents/FRCC_Reference_Documents.pdf. This provides flexibility for the FRCC to change the URL addresses for ~~these~~ individual FRCC documents without requiring the modification of tariff language.

Section 1 Coordination

1.1

Transmission Provider consults and interacts directly with its customers in providing transmission service and generator interconnection service as well as with its neighboring transmission providers, on a regular basis. A transmission customer may request and/or schedule a meeting with Transmission Provider to discuss any issue related to the provision of transmission service at any time. Transmission Provider consults and interacts with its customers any time during the study process that either the transmission customer or the Transmission Provider deem necessary and/or at various stages of the planning process (e.g., Scoping Meeting, Feasibility, System Impact and Facilities Studies). An open dialogue between the transmission customer and the Transmission Provider takes place regarding customer needs. This interaction and dialogue between the customer and Transmission Provider are further described under the Local Transmission Network Planning Process as set forth in Appendix 1 to this Attachment K. Topics such as load growth projections, planned generation resource additions/deletions, new delivery points and possible transmission alternatives are discussed. This dialogue is intended to provide timely and meaningful input and participation of customers during the early stages of development of the transmission plan. Additionally, the transmission customer shall have an opportunity to comment at any time during the evaluation process and/or when study findings (Feasibility, System Impact and Facilities Studies) are communicated by the Transmission Provider to the customer. Transmission Provider communicates with its neighboring transmission providers on a regular basis, and Transmission Provider facilitates communication and consultation between its customers and its neighboring transmission service providers/owners, specifically, if during the transmission service study process, a neighboring system's facilities are identified as being affected. This coordination process continues in a seamless manner at the local as well as the regional level, leading to each Transmission Provider providing an initial

transmission plan which, when consolidated, becomes the initial regional transmission plan. The initial transmission plan submitted to the FRCC by the Transmission Provider, which results from the Local Transmission Network Planning Process as set forth in Appendix 1 to this Attachment K, will be posted by the FRCC in accordance with the *FRCC Regional Transmission Planning Process* (reference link to *Initial Plans* on the FRCC website). This initial transmission plan is reviewed by the FRCC as well as all interested transmission customers/users. The Transmission Provider relies on the FRCC Committee process to finalize its initial transmission plan as submitted to the FRCC. In addition to transmission customers/users being provided timely and meaningful input and participation during the planning process with the Transmission Provider, the transmission customers/users are also given an additional opportunity to raise any issues, concerns or minority opinions that they believe have not been adequately addressed by any Transmission Providers' initial transmission plan submittal during the FRCC review process. This FRCC review process normally commences shortly after the submittal of the Ten Year Site Plans to the FPSC on April 1 of each year. Once issues raised by interested stakeholders are addressed, including consideration of proposed "Cost Effective and/or Efficient Regional Transmission Solutions" ("CEERTS") projects as set forth in section 1.2 below, the Planning Committee approves the proposed regional transmission plan and presents it to the FRCC Board for approval. Upon approval by the Board, which is expected in ~~December~~February of each year, the FRCC sends the final regional transmission plan to the FPSC. Unresolved issues may be referred to the FRCC Dispute Resolution Process as described below.

1.2 CEERTS Projects

1.2.1. This section 1.2 sets forth provisions for consideration of proposed CEERTS projects in the regional transmission planning process in which Transmission Provider participates.

1.2.2 Any entity desiring to propose a CEERTS project for regional cost allocation must submit such a CEERTS project to the FRCC no later than June 1st of the planning year. The

entity proposing a CEERTS project is referred to herein as the project sponsor. The project sponsor for a CEERTS project need not be the project developer for that project.

1.2.3 To be eligible for approval by the FRCC Board for inclusion in the regional plan, a proposed CEERTS project must meet these threshold criteria:

- A. Be a transmission line subject to the requirements of the Florida Transmission Line Siting Act or successor statute (or a substation flexible AC transmission system ("FACTS") device, e.g., series compensation or static var compensator, designed to operate at 230 kV or more); and
- B. Be materially different than projects already in the regional plan. As an example, another transmission developer/sponsor may not propose a CEERTS project that is not materially different (e.g., change in equipment size, different terminal bus arrangement, slight change in route, etc.).

Local transmission facilities located solely within a transmission provider's footprint (e.g. Control Area) that are not selected in the regional transmission plan for purposes of cost allocation cannot qualify as CEERTS projects. Such facilities are the responsibility of the Transmission Provider to meet reliability needs and/or other obligations within its retail distribution service territory or footprint.

1.2.4 A CEERTS project submittal must include the following elements (to be provided in the context of the most current FRCC Board-approved regional transmission plan):

- A. Initial screening submittal
 - 1. Transmission project technical information:
 - a) Description of the transmission facilities being proposed (e.g., voltage levels);
 - b) General path of the transmission lines; and
 - c) Interconnection points with the existing transmission system.
 - 2. Reliability impact assessment.
 - 3. Load flow analysis that demonstrates performance utilizing the FRCC load flow model. The sponsor, if not an FRCC member, may obtain this

model upon request from the FRCC (“Request for Florida Reliability Coordinating Council (FRCC) Transmission Information” document is posted on the FRCC website).

2.4. Identification of projects in the regional transmission plan that would be affected or avoided as well as any additional projects that may be required. A demonstration through a technical evaluation process that the CEERTS project is equal to or superior to avoided projects from the current regional transmission plan.

2.5. A cost estimate and a recommended in-service date for the project.

2.6. Identification of the proposed project developer (if known), specifying who will own, operate and maintain the CEERTS project, and what contractual arrangements would be made for such purpose.

2.7. A deposit of \$100,000 for each \$10,000,000 of estimated project cost, capped at a maximum deposit of \$500,000 for each CEERTS project, which will be used for FRCC internal analysis costs as well as any out-of-pocket expenses such as for independent consultants (unexpended amounts shall be refunded to the project sponsor). The actual costs incurred by the FRCC to analyze the CEERTS project will be borne by the project sponsor and the deposit will be trued up based on the documented cost of the analysis.

B. Cost estimates and/or additional data shall be made available to the FRCC Planning Committee (“FRCC PC”) and sponsor as follows:

1. The sponsor presents its CEERTS overview (a minimum of steps 1.2.4.A.1. through 1.2.4.A.7. above) to the FRCC PC and requests that the FRCC PC obtain cost information for the projects that are proposed to be avoided or modified from the entities responsible for those projects;

2. The FRCC PC shall request that the entities responsible for the existing

project(s) provide cost information to the FRCC PC and the sponsor.

C. Subsequent submittal

1. With the cost information provided in step 1.2.4.B above, the sponsor shall fully assess the cost of its proposed project and its rationale/justification for why the project is a more cost effective and efficient regional transmission solution.
2. Any revisions to CEERTS project benefits provided in the initial submittal shall be resubmitted at this time.

1.2.5 The FRCC PC shall review the submittals and ensure that they meet the threshold criteria in step 1.2.3 and the minimum requirements in step 1.2.4. If a submittal is incomplete, the FRCC PC shall inform the CEERTS sponsor in writing within 15 days of the next regularly scheduled FRCC PC meeting of the specific deficiency(ies), and the CEERTS sponsor shall be given an opportunity, within 30 days, to submit the information required for a complete submittal.

1.2.6 The FRCC PC shall provide an update to the FRCC Board related to all projects that have been submitted and deemed complete. For those projects that have cleared steps 1.2.3 through 1.2.5 above, the FRCC PC shall post this information on the FRCC website (subject to any posting restrictions to protect CEII or other confidential information).

1.2.7 If the CEERTS project has cleared steps 1.2.3 through 1.2.5 above, the FRCC PC will conduct a technical analysis for the purpose of validating CEERTS information and analysis provided by the sponsor. Such analysis will be performed in a manner consistent with other technical analyses performed by the FRCC PC.

A. The validation process will evaluate the information and analysis provided by the sponsor and will include:

1. Reliability performance;
2. Impact on other FRCC transmission projects in the current FRCC regional transmission plan;
3. Any known updates to the last FRCC Board-approved regional

transmission plan.

B. The FRCC PC will also consider any proposed non-transmission alternatives on a comparable basis with the CEERTS project, as described in Section 5.

C. The FRCC PC will provide a report to the FRCC Board that includes its findings from the technical analysis and a recommendation as to whether the proposed CEERTS project should proceed to the next evaluation step in 1.2.8 below. The FRCC PC report shall also be simultaneously provided to the CEERTS sponsor which shall be given an opportunity to provide written comments to the FRCC Board.

1.2.8 The FRCC Board will review the FRCC PC report and any comments on the report that may be submitted by the CEERTS sponsor and determine if the CEERTS project should proceed to the next evaluation step as described in step 1.2.9 below. The CEERTS sponsor shall be invited to be present and participate in any FRCC Board meeting that addresses the FRCC PC report in order to answer questions and to present its views regarding the CEERTS project and the FRCC PC report. If a CEERTS sponsor does not agree with the FRCC Board's determination, then the FRCC Bylaws Dispute Resolution Process is available for use by the CEERTS sponsor.

1.2.9 If the FRCC Board approves continuation of the CEERTS project evaluation, the process described below will be performed by the FRCC PC under the direction of the FRCC Board.

A. A meeting will be organized by the FRCC PC to provide the CEERTS sponsor an opportunity to fully describe its proposed CEERTS project. This meeting is the venue to fully discuss the CEERTS project, taking into account the technical analysis performed by the FRCC PC, as well as any potential revisions, including transmission technical aspects, transmission project costs, and affected projects. This meeting also provides the opportunity for potentially affected Transmission Providers to discuss these matters. If a developer has not been identified for the proposed project, then this meeting also provides an opportunity for potential

developers to express interest in being considered as the developer of the CEERTS project (if no entity expresses interest as the project developer then the project will not move forward and the projects in the regional plan that would have been avoided by the CEERTS project will remain in the regional plan). This forum will enable the CEERTS project to be fully reviewed by all affected parties.

B. The FRCC PC will consider the proposed project in light of the criteria set forth in steps 1.2.7.A. and 1.2.7.B above and as set forth below.

1. Cost benefit analysis must demonstrate (1) a regional benefit-to-cost ratio greater than 1.00 as set forth herein, and (2) that no affected individual Transmission Provider would incur unmitigated costs (adverse reliability or other impact) as a result of the project. The benefit of a CEERTS project is the avoided cost of projects in the regional transmission plan that would otherwise be constructed in the absence of the CEERTS project. A cost benefit analysis comparing the capital cost of the CEERTS project, estimated by the project sponsor, and the capital cost of the displaced project(s), estimated by the responsible Transmission Provider(s), will be performed by an independent consultant retained by the FRCC using consistent assumptions. This cost benefit analysis shall be performed using the net present value ("NPV") of the projects' capital costs in current plan year dollars. If the result is a benefit-to-cost ratio of 1.25 or greater, the CEERTS project will move forward in the process. If the result is a benefit-to-cost ratio between 1.00 and 1.25, the independent consultant will conduct a comprehensive long-term net present value revenue requirements analysis in current plan year dollars using consistent assumptions. If the result is a benefit-to-cost ratio of greater than 1.00, the CEERTS project will move forward in the process. A project that would otherwise cause unmitigated costs, including any abandonment costs that would

otherwise have been recoverable, may go forward if project beneficiaries agree to mitigate the otherwise unmitigated costs of the adversely affected Transmission Provider, and the mitigation costs will be included in the CEERTS project cost.

2. For a proposed project based in whole or in part on public policy requirements, the FRCC PC will consider the criteria identified in Section 11 of Attachment K and whether such criteria are driving a transmission need that is not otherwise readily, cost-effectively, and efficiently met through existing, approved requests for new transmission service and/or already planned transmission facilities.

C. The FRCC PC will provide a report to the FRCC Board of its recommendation based upon its review as set forth above. The FRCC PC report shall also be simultaneously provided to the CEERTS sponsor which shall be given an opportunity to provide written comments to the FRCC Board. The CEERTS sponsor shall be invited to be present and participate in any FRCC Board meeting that addresses the FRCC PC report to answer questions and to present its views regarding the CEERTS project and the FRCC PC report.

D. The FRCC Board will review the FRCC PC report and any comments on the report that may be submitted by the CEERTS sponsor and determine if the proposed CEERTS project is a cost effective and/or efficient solution to regional transmission needs under applicable criteria. If the FRCC Board approves the CEERTS project, it will be included in the regional transmission plan, subject to completion of the remainder of the process as set forth herein, and the avoided project(s) will be removed from the plan.

1.2.10 Transmission Project Developer Selection Process

A. If the CEERTS project requires upgrades to Transmission Provider's existing facilities Transmission Provider retains a right-of-first refusal to build those portions of the CEERTS project. Nothing herein affects Transmission Provider's

rights under state law with regard to its real property (including rights of way and easements).

B. If a single project sponsor/developer is identified for a given CEERTS project, then that project sponsor/developer is accepted by default (subject to the qualifications review below).

C. If there are multiple project developers for the same CEERTS project (or if there are different proposed CEERTS projects to address the same need(s)):

1. The FRCC Board will, upon request, facilitate an opportunity for the project sponsors/developers to collaborate with each other to determine how each of the project developers may share responsibility for portions of the CEERTS project(s).
2. If agreement is reached, then these project sponsors/developers will be selected (subject to the qualifications review below).
3. If there is no agreement, then further evaluation reviews of project developer qualifications and the project(s) will be conducted (e.g., parallel evaluation of the competing project sponsors/developers and/or the competing projects). After this evaluation process is completed, the FPSC shall be requested to select the transmission developer(s) and the project(s) in the course of its need determination proceeding.

1.2.11 Project Developer Qualifications Review

- A. If the project developer is an entity that is obligated under state law to provide, directly or indirectly (e.g., as a wholesale supplier to member entities), electric service to retail customers within its service territory and thereby obligated, expressly or by implication, to construct transmission facilities as necessary to serve such retail customers, the project developer shall be deemed to satisfy the qualification criteria with regard to reliability-based projects in its service territory.
- B. If a project developer does not meet the 1.2.11.A. condition, then the project developer must submit a qualification application and a deposit of \$50,000 to the

FRCC (unexpended amounts from the deposit shall be refunded to the project developer) along with the information identified in the Qualification Criteria as set forth in Appendix 3 of this Attachment K. A project developer may be a joint venture or a partnership in which case a lead representative will be designated in the qualification application.

- C. The FRCC Board will provide for the review of the submitted qualifications by a qualified consultant. The consultant fees will be paid from the deposit made when a project developer qualification application is submitted. The consultant will make a recommendation to the FRCC Board as to whether the Qualification Criteria have been met. The FRCC Board shall make, on a non-discriminatory basis, a determination as to whether the Qualification Criteria have been met. If the FRCC Board determines that the Qualification Criteria have not been met, the FRCC Board will notify the project developer of the qualification deficiencies and provide a 30-day period for the project developer to cure the deficiencies. If a project developer does not agree with the FRCC Board's determination, then the FRCC Bylaws Dispute Resolution Process is available for use by the project developer. The qualification process is a one-time process for each project developer, subject to the annual update provided for in Appendix 3.

1.2.12 Approval and Certification after Conclusion of the Project Developer Determination and Qualifications Review

- A. After successful completion of steps 1.2.3 through 1.2.11 above, the FRCC Board will notify the project developer to proceed with the project. The project developer(s) shall then proceed with obtaining the necessary approvals and/or permits required to construct, own and operate the project including certification under the Transmission Line Siting Act.

1.2.13 The FRCC PC, under the oversight of the FRCC Board, will verify that all required reliability, operational, tariff, cost recovery, liability and contract provisions are in place, or reasonably planned for, prior to final approval by the FRCC Board for inclusion in the

regional plan including:

- A. All certification and other requirements under the NERC Standards and Rules of Procedure;
- B. Implementation of communications and operational control features (e.g., requirements to follow instructions of the Reliability Coordinator, Balancing Authority and/or Transmission Service Provider);
- C. FERC requirements for providing transmission service over CEERTS facilities;
- D. Cost recovery treatment (including provision for payment and cost recovery by all entities allocated CEERTS project costs);
- E. Responsibility for operation and maintenance (“O&M”), including any plans to turn over O&M responsibilities to another entity;
- F. Liability issues associated with CEERTS facilities;
- G. Provision for necessary enabling agreements among all affected entities, including for example provisions for assignment of agreements to new owners if a non-incumbent in the future sells its assets to another company; and
- H. Acquisition of the property rights necessary to construct the CEERTS facilities, or a reasonable expectation of the ability to acquire such rights.

1.2.14 As identified in step 1.2.2, new CEERTS projects are to be submitted by June 1 of each year. The evaluation of a new CEERTS project will occur within a one year period concurrent with the evaluation of the initial FRCC regional transmission plan, and final approval will be achieved within 21 months. This time period may be shorter for some CEERTS projects, such as where the project developer has previously satisfied qualification criteria and/or the project is relatively small in scale. Following the evaluation steps identified in this Section 1.2 for a newly proposed CEERTS project, a sponsor can expect the project to be added to the regional transmission plan as a tentative project in the spring or summer of the following year. For the project to remain in the regional transmission plan, the remainder of the process must be completed. For example, a new CEERTS project that was proposed by June 1 would proceed through

step 1.2.7 in the fall and winter of that year. In the following spring and summer the project would progress through step 1.2.9 and be tentatively added to the regional transmission plan. Successful completion of steps 1.2.10 through 1.2.13 would qualify the project for final approval that winter, roughly 21 months after it was initially proposed. This overall schedule provides a roadmap of the projected schedule for new CEERTS project evaluation, selection, approval and ultimate reflection in the regional transmission plan. A particular CEERTS project submittal may benefit from schedule flexibility or shortening of process steps depending on the project's nature or complexity, availability of qualified project developer(s), or other factors. In all cases, once a CEERTS project is submitted, the FRCC will keep all parties informed of the projected schedule for project evaluation. This CEERTS project evaluation process will fold into the overall regional transmission planning cycle which will continue to be an annual process, that is, a regional transmission plan will continue to be developed each year. The inclusion of the CEERTS projects into the annual regional transmission plan will be in accordance with the process outlined above.

- 1.2.15 After a CEERTS project is approved for the regional transmission plan, the project developer shall submit to the FRCC PC a development schedule that sets forth the required steps necessary to develop and construct the project and the schedule that the developer will follow to satisfy each required step. Required steps include, but are not limited to, obtaining all regulatory approvals necessary to develop and construct the facility.
- 1.2.16 Status updates of a CEERTS project are required at any time when material changes to the project or schedule take place, or at least annually, and must include any revised cost estimate. If the cost estimate for a CEERTS project is substantially more than the cost estimate upon which the project was approved, the FRCC PC and FRCC Board may re-examine the cost effectiveness of the project.
- 1.2.17 If a CEERTS reliability-based project is abandoned by the developer the Transmission Provider(s) has a right of first refusal to complete the project or propose alternatives to

ensure that the reliability need is met. If a non-reliability-based CEERTS project is abandoned by the developer, other potential developers may offer to complete the project. Developer evaluation and selection shall follow the steps above for a CEERTS project when first proposed. Developers of CEERTS projects are obligated to report delays in project development and construction to the FRCC. If a delay in the completion of a CEERTS reliability-based project potentially would cause Transmission Provider or other NERC-registered entity to violate a Reliability Standard, the NERC-registered entity shall inform the FRCC as soon as it is aware of the possibility. The FRCC PC will re-evaluate the regional transmission plan to determine if the delay in the CEERTS project requires the evaluation of alternative solutions to ensure the relevant Transmission Provider or other NERC-registered entity can continue to meet its reliability and/or other service obligations. The Transmission Provider retains the right to construct local transmission projects that are not subject to regional cost allocation to meet reliability needs and/or service obligations within its retail distribution service territory or footprint.

1.2.18 Nothing herein shall adversely affect the ability of Transmission Provider to comply with state and federal law, including its service obligations under the laws and regulations of the Florida Public Service Commission and its reliability obligations under Section 215 of the Federal Power Act.

1.3

The *FRCC Regional Transmission Planning Process* is intended to ensure the long-term reliability ~~and~~, economic and public policy needs of the bulk power system in the FRCC Region (see section 1.23 endnote). An objective of the *FRCC Regional Transmission Planning Process* is to ensure coordination of the transmission planning activities within the FRCC Region in order to provide for the development of a reliable and economically robust transmission network in the FRCC Region. The process is intended to develop a regional transmission plan to meet the existing and future requirements of all customers/users, providers, owners, and operators of the transmission system in a

coordinated, open and transparent manner. The FRCC obtains and posts transmission owners' 10-year expansion plans on the FRCC website. All transmission providers/owners provide their long-term firm transmission service requests and generator interconnection service requests to the FRCC in a common format. The FRCC consolidates all requests for coordination purposes, and posts the consolidated requests available for viewing by all FRCC members.

Section 1.23 Endnote: 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.

1.23.1

This coordinated *FRCC Regional Transmission Planning Process* offers many opportunities for transmission providers to interact with customers and neighboring systems during the development of the transmission plan. The schedule of committee and working group meetings related to transmission planning is posted on the FRCC website under *FRCC Calendar*. FRCC meeting notices, meeting minutes and documents of FRCC Planning Committee and/or FRCC Board meetings in which transmission plans or related study results are exchanged, discussed or presented, are distributed by the FRCC. Detailed evaluation and analysis of the transmission providers/owners plans are conducted by the FRCC Transmission Working Group ("TWG") and Stability

Working Group (“SWG”) in concert with the FRCC Staff. The TWG and SWG are further described below.

1.34

A general scope of the Planning Committee and the respective working groups related to transmission planning is described below. The scope of these committees is subject to change in the future in order to address evolving needs. The members of the Planning Committee and the working groups related to transmission planning are posted on the FRCC website under *FRCC Committees*. Contact with the Planning Committee and transmission working groups can be made through FRCC staff or through the chair of the respective committee or working group.

1.34.1

The Planning Committee promotes the reliability of the Bulk Power System in the FRCC, and assesses and encourages generation and transmission adequacy. The Planning Committee reports to the Board of Directors. Rules and procedures governing the Planning Committee are posted on the FRCC website under *Rules of Procedure for FRCC Standing Committees*. Working Groups related to transmission planning reporting to the Planning Committee are described below.

1.34.2

The Transmission Working Group engages in active coordination of transmission planning within the FRCC Region under the direction of the FRCC Planning Committee, and performs the duties as required by the *FRCC Regional Transmission Planning Process*. Some of the responsibilities and objectives of the Transmission Working Group are: 1) Maintain, update and provide summer and winter database cases for the FRCC including the bulk power transmission and generation systems, projected loads and any facility additions for an eleven

year period; 2) Put together the FERC Form 715 filing and EIA-411 for FRCC members, prepare State of Florida electrical maps, etc.

1.4.3.3

The Stability Working Group engages in the active coordination of transmission planning in the FRCC Region, assesses stability of the FRCC bulk electric system under various conditions, and provides support to the other FRCC working groups as needed. Some of the responsibilities and objectives of the Stability Working Group are: 1) Maintain and update a dynamic data base for the FRCC Region; this data base is coordinated with selected FRCC planning horizon power flow cases as required by NERC Multi-regional Modeling Working Group and other FRCC study needs; 2) Assess dynamic performance of the FRCC bulk power system in response to Category B, C and D contingencies which includes special protection systems, under frequency load shedding programs, oscillatory stability, disturbances involving separation, etc..

Section 2 Openness

2.1

Transmission Provider provides notice and schedules meetings with its transmission customers as deemed necessary by the transmission customer and/or Transmission Provider. Transmission Provider schedules meetings with its customers to interact, exchange perspectives or share findings from studies. Transmission Provider communicates and interacts with its transmission service customers on a regular basis to discuss loads, generation/network resource additions/deletions, new facility additions and upgrades, demand resource information, customer's projections of future needs, and related subjects that have an impact on the provision of transmission service to a customer. Transmission Provider provides a status update to its customers on a regular basis or at any time, if requested by a customer. Additionally, Appendix 1 to this

Attachment K describes the customer and Transmission Provider interaction in the flow diagram and outlines the steps of the Local Transmission Network Planning Process.

2.2

This openness principle is also incorporated in the *FRCC Regional Transmission Planning Process* by which the Transmission Provider participates in along with other parties in the committee and working processes at the FRCC as described below. The participants in the planning process at the FRCC are the sector representative of the Planning Committee. A list of representatives may be found on the FRCC website under the *FRCC Planning Committee Member List*. The *Rules of Procedure for FRCC Standing Committees* document on the FRCC website describes the Planning Committee structure and processes as they relate to Organization Structure, Standing Committee Representation, Standing Committee Quorum and Voting, Duties of Officers and Representatives, General Procedures for Standing Committees, FRCC Representation on NERC Committees, Procedures of Minutes of Meetings and Conduct of the Meeting. Interested entities or persons may participate in the committees via participation within one of the identified sectors (Supplier Sector, Non-Investor Owned Utility Wholesale Sector, Load Serving Entity Sector (including municipals and cooperatives), Generating Load Serving Entity Sector, Investor Owned Utility Sector, and General Sector (this sector provides for any entity or individual's participation)). Moreover, at the FRCC regional level interested entities have an opportunity to raise any special requirements that they have and believe have not been addressed at the local level. For ease of reference, the FRCC quorum and voting provisions are shown in Appendix 2 of Attachment K.

2.2.1

The FRCC meeting dates are provided in the *FRCC Calendar* document on the FRCC website and the chairs and member representatives for the various committees are posted on the FRCC website under the *FRCC Committees*. The meeting agenda for the Planning Committee is normally provided two weeks prior

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

2.2.2

The FRCC developed the *FERC Standards of Conduct Protocols* for the FRCC document for the purpose of ensuring proper disclosure of transmission information in accordance with FERC requirements. The primary rule is that a transmission provider must treat all transmission customers, affiliated and non-affiliated on a non-discriminatory basis, and it cannot operate its transmission system to give a preference to any transmission customer or to share non-public transmission or customer information with any transmission customer. The rules also prevent transmission function employees from sharing with their merchant employees and certain affiliates non-public transmission information about the transmission provider's transmission system or any other transmission system, which is information that the affiliated merchant employee receiving the information could use to commercial advantage. Reference the *FERC Standards of Conduct Protocols for the FRCC* posted on the FRCC website.

2.3

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

2.4

The FRCC conducts the FRCC planning process in an open manner in such a way that it ensures fair treatment for all customers/users, owners and operators of the transmission system. Stakeholders have access to and participate in the FRCC planning process.

The committees and working groups described in this document are stakeholder groups.

The Planning Committee consists of six stakeholder sectors: Suppliers, Non-Investor Owned Utility Wholesalers, Load Serving Entities, Generating Load Serving Entities, Investor Owned Utilities, and General. The rules of procedure governing the Planning Committee in conducting the *FRCC Regional Transmission Planning Process* are posted under the *Rules of Procedure for FRCC Standing Committees* on the FRCC

website www.frc.org/05trans/TRANSEXWHOLESALETemp/C.Home.RemoteAccess.cck0n5p.

The FPSC is encouraged to and does participate in the *FRCC Regional Transmission Planning Process*.

2.5

The *FRCC Regional Transmission Planning Process* provides for the overall protection of all confidential and proprietary information that is used to support the planning process.

A customer, user or other interested entity may enter into a confidentiality agreement with the FRCC and/or applicable transmission provider/owner, as appropriate, to be eligible to receive transmission information that is restricted due to Critical Energy Infrastructure Information ("CEII"), security, business rules and standards and/or other limitations. The procedure for requesting this type of information is delineated at the FRCC website under the *Request of CEII Data*.

Section 3 Transparency

3.1

Transmission Provider plans its transmission system in accordance with the NERC and FRCC Planning Reliability Standards, along with Transmission Provider's own design, planning and operating criteria which it utilizes for all customers on a comparable and

non-discriminatory basis. These standards/criteria are also referred to in the Transmission Provider's FERC Form 715. In addition, Transmission Provider makes available Facility Connection Requirements, Capacity Benefit Margin ("CBM") Methodology and other pertinent information used in the transmission planning process and posts this information on the Transmission Provider's OASIS website.

3.2

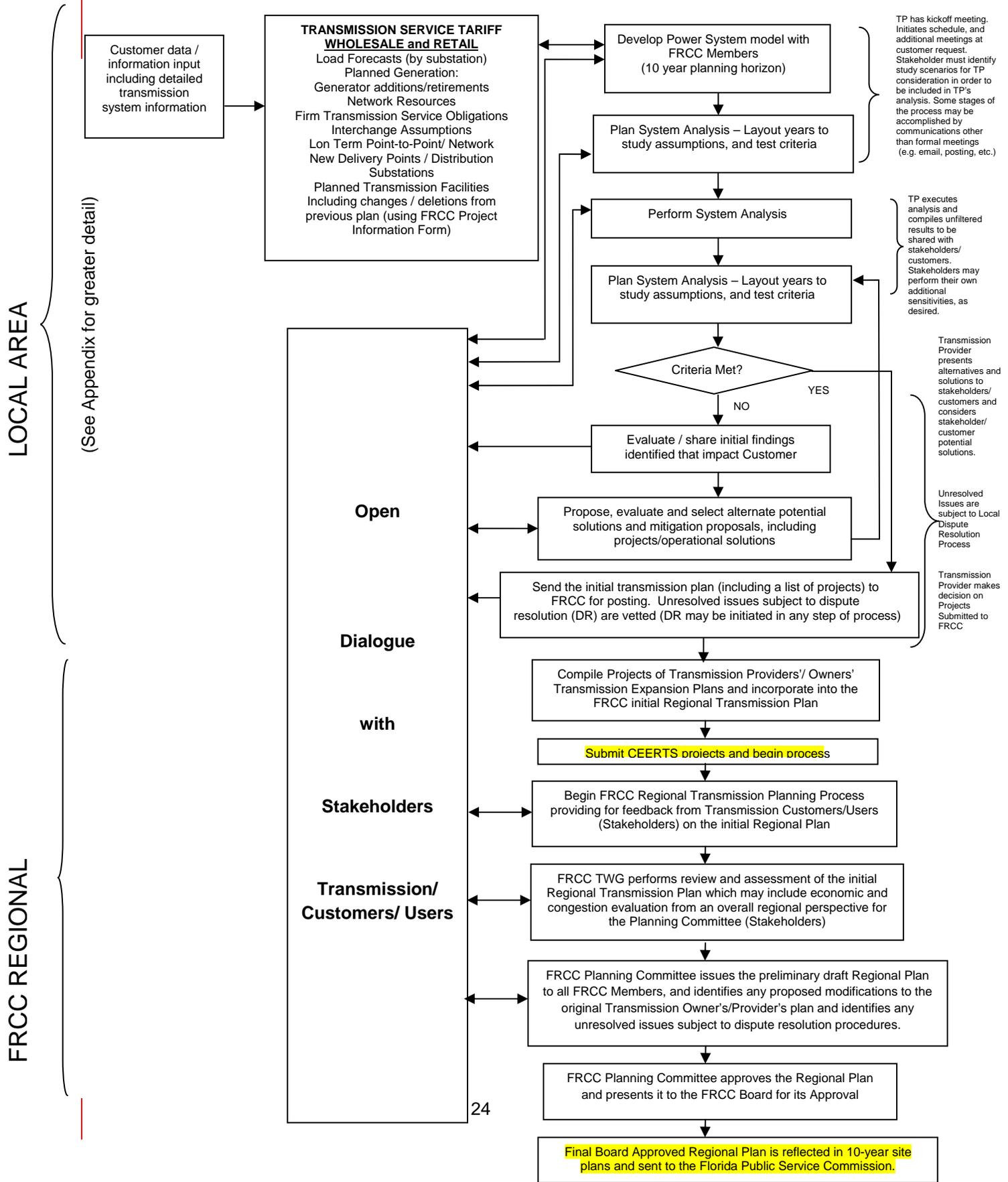
During the Transmission Provider's local area planning process the Transmission Provider utilizes the FRCC databanks which contain information provided by the Transmission Provider and customers of projected loads as well as all planned and committed transmission and generation projects, including upgrades, new facilities and changes to planned-in-service dates over the planning horizon, as the base case for Transmission Provider's studies. Transmission Provider makes available to a transmission service customer the underlying data, assumptions, criteria and underlying transmission plans utilized in the study process. Transmission Provider provides written descriptions of the basic methodology, criteria and processes used to develop plans. In order to get a better understanding, a transmission customer may inquire about the assumptions, data and/or underlying methods, criteria, etc. and the customer will be provided a response by the Transmission Provider's qualified technical representative. Dialogue during the study process is encouraged. The dialogue during the Transmission Providers local area planning process between the Transmission Provider and customers involves discussions of the initial findings that affect customers, potential alternatives including feasibility of mitigating any adverse findings, and third party impacts. Discussion of initial findings in areas of the system that affect customers is intended to communicate and validate with the customer issues or concerns identified by the Transmission Provider or conversely, issues not specifically identified by the Transmission Provider that may be of concern to the customers. As part of the process of identifying potential alternatives to mitigate any adverse issue or concern, the dialogue with the customer should facilitate the identification of the most effective solution. This

dialogue during the different stages of the planning process provides for meaningful input and participation of transmission customers in the development of the transmission plan. The goal of this interaction between the Transmission Provider and customers is to develop a transmission expansion plan that meets the needs of the Transmission Provider and customer in a reliable cost effective manner. This planning process between the Transmission Provider and customers is described in the process flow diagram below and in the more detailed description of the Local Transmission Network Planning Process as set forth in Appendix 1 to this Attachment K.

3.3

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

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



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 stakeholders. Transmission planning assumptions, transmission projects/upgrades and project descriptions, scheduled in-service dates for transmission projects and the project status of upgrades will be available to all customers through the FRCC periodic project update process. The FRCC updates and distributes transmission projects/upgrades project descriptions, ~~schedules~~scheduled in-service dates, and project status on a regular basis, no less than quarterly. The FRCC also updates and distributes on a periodic basis the load flow data base. The FRCC publishes the individual transmission providers' system

impact study schedules so that other potentially impacted transmission owners can assess whether they are affected and elect to participate in the study analysis. The FRCC planning studies are also distributed by the FRCC and updated as needed. All entities that have transmission projects/upgrades in the regional transmission plan shall provide updates on such projects at least annually.

3.6

The FRCC also produces the following annual reports which are submitted available to the FPSC:

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

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.

4.2

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

4.3

The FRCC TWG sets the schedule for data submittal and frequency of information

exchange which starts at the beginning of each calendar year. Updates and revisions are discussed at the FRCC Planning Committee meetings by the members. This process requires extensive coordination and information exchange over a period of several months as the FRCC develops electric power system load-flow databank models for the FRCC Region. The models include data for every utility in peninsular Florida and are developed and maintained by the FRCC. The TWG is responsible for developing and maintaining power flow base cases. The FRCC power flow base case models contain the data used by the FRCC and transmission providers for intra- and inter-regional assessment studies, and other system studies. The models created also are the basis for the FRCC submittal to the NERC Multi-regional Modeling Working Group (“MMWG”). TWG members support the data collection requirements and guidelines related to the accurate modeling of generation, transmission and load in the power flow cases. The data collected includes:

For power flow models:

- Bus data; (name, base voltage, type, area assignment, zone assignment, owner)
- Load data; (bus, MW, MVAR, area assignment, zone assignment, owner)
- Generator data; (bus, machine number, MW, MVAR, status, P_{MAX}, P_{MIN}, Q_{MAX}, Q_{MIN}, MVA base, voltage set-point, regulating bus)
- Branch data; (from bus, to bus, circuit number, impedances, ratings, status, length, owner)
- Transformer data; (from bus, to bus, to bus, circuit number, status, winding impedances, ratings, taps, voltage control bus, voltage limits, owner)
- Area interchange data; (area, slack bus, desired interchange, tolerance)
- Switched shunt data

- Facts device data

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

- Generator models; (turbine, generator, governor, exciter, power system stabilizers)
- Relay models; (distance, out of step, underfrequency)
- Special protection scheme models

For short circuit models (in addition to power flow model data):

- Zero and negative sequence impedances;

The databank models are compiled and incorporate load projections by substations, firm transmission services, and transmission expansion projects over the 10 year planning horizon. Transmission Provider utilizes the FRCC databanks which contain projected loads as well as all planned and committed transmission and generation projects, including upgrades, new facilities and changes to planned in-service dates over the planning horizon, as the base case for Transmission Provider's studies. These databanks are maintained by the FRCC Transmission Working Group and are updated on a periodic basis to ensure that the assumptions are current. Transmission Provider makes available to a transmission service customer the underlying data, assumptions, criteria and transmission plans utilized in the study process. If information is deemed confidential, Transmission Provider requires the customer to enter into a confidentiality agreement prior to providing the confidential information.

4.4

The FRCC maintains databanks of all FRCC members' projected loads and planned and committed transmission and generation projects, including upgrades, new facilities, and

changes to planned in-service dates. These databanks are updated on a periodic basis. The FRCC maintains and updates the load flow, short circuit, and stability models. All of this above information is distributed by the FRCC, along with the FRCC transmission planning studies, subject to possible redaction of user sensitive or critical infrastructure information consistent with market and business rules and standards.

4.5

Any transmission developer that is not participating in the regional transmission planning process (and therefore not seeking regulated cost-of-service recovery) that proposes to develop a transmission project in the FRCC region shall provide to the FRCC PC and affected Transmission Providers in the FRCC region such information and data related to its proposed project that is necessary to allow the FRCC PC and affected Transmission Providers in the FRCC region to assess the potential reliability and operational impacts of the non-participant developer's proposed transmission facility on the transmission system in the region. The FRCC PC shall establish time frames for the provision of required information and data. Non-participant developers' transmission projects will not be included in long-term planning models or interconnected to the existing transmission system until and unless: 1) interconnection service has been requested of affected Transmission Provider(s); and 2) all interconnection studies have been completed.

Section 5 Comparability

5.1

This comparability principle is applied in all aspects of the transmission planning process including each of the respective principles in this Attachment K. Transmission Provider incorporates into its transmission plans on a comparable basis all firm transmission obligations, both retail and wholesale. The retail obligations consist of load growth, interconnection and integration of new network resources, firm power purchases and new distribution substations. Transmission Provider wholesale obligations are existing firm wholesale power sales, existing long-term firm transmission service including firm point-

to-point and network (interconnection and integration of network resources), projected network load, generator interconnections, and new delivery points.

5.2

Transmission Provider plans for forecasted load, generation additions/upgrades which include network resources and new distribution substations associated with retail service obligations. A network transmission customer provides corresponding data as part of the provision of service, such as load forecast data, generation additions/upgrades including network resource forecast, new delivery points, and other information needed by the Transmission Provider to plan for the needs of the customer. Both Transmission Provider and the transmission customers reflect their demand response resources within the information that is input within this planning process. The data required for planning the transmission system for both retail and wholesale customers is comparable. Transmission customers/users (retail and wholesale) accurately reflect their demand response resources appropriately in their load forecast projections. To the extent a customer/stakeholder has a demand response resource or a generation resource that is not incorporated into its submitted plans and such customer/stakeholder desires the Transmission Provider to specifically consider on a comparable basis such demand response resource or generation resource as an alternative to transmission expansion, or in conjunction with the Transmission Provider's transmission expansion plan, such customer/stakeholder sponsoring such demand response resource or generation resource shall provide the necessary information (cost, performance, lead time to install, etc.) in order for the Transmission Provider to consider such demand response resource or generation resource alternatives comparably with other alternatives. Any customer/stakeholder sponsoring a demand response resource or generation alternative should participate in the planning process. The Transmission Provider shall treat customer/stakeholder resources and its own resources on a comparable basis for transmission planning purposes. This comparability principle is also further described under the Local Transmission Planning Process as set forth in Appendix 1 to this

Attachment K. The data/information is also provided to the FRCC for their use in databank development and analysis under the *FRCC Regional Transmission Planning Process*. These data requirements are generally communicated by OASIS, email, letter or combination thereof.

5.3

Transmission providers/owners submit to the FRCC their latest 10-year expansion plans for their transmission systems, which incorporate the transmission expansion needed to meet the transmission customer requirements, including a list of transmission projects that provides for all of the firm obligations based on the best available information. The FRCC compiles and distributes a list of projects distributed from the transmission providers/owners and updates the project status to keep the list current. FRCC compiles and distributes the transmission providers/owners' 10-year expansion plans. All transmission users and other affected parties are asked to submit to the FRCC any issues or special needs that they believe are not adequately addressed in the expansion plans.

5.4

The regional planning process provides an opportunity for non-public transmission providers registered with NERC as Transmission Service Providers to enroll in the planning process for purposes of regional cost allocation by requesting enrollment through the FRCC. Public utility transmission providers will be deemed to be enrolled. The FRCC will validate the NERC registration for enrollment requests and will add qualified entities to the enrollment list, which will be posted and kept current on the FRCC website. Non-public utility transmission providers that do not enroll in the regional planning process will not be obligated to pay the costs of transmission facilities that would otherwise be allocable to them under Order No. 1000, nor will their projects be eligible for Order No. 1000 cost allocation.

Section 6 Dispute Resolution

6.1

If a dispute arises between a transmission customer and the Transmission Provider under the local transmission planning process set forth in Appendix 1 to this Attachment K or involving Transmission Service under the Tariff, the senior representatives of the Transmission Provider and the customer shall attempt to resolve the dispute and may mutually agree to utilize a mediation service for that purpose. However, if such dispute is not resolved, then the Dispute Resolution Procedures set forth in Article 12 of the Tariff shall govern. If a dispute arises ~~among or between Transmission Provider and another transmission owner(s)~~ involving the FRCC Regional Transmission Planning Process and/or cost allocation thereunder, ~~issue regarding the Cost Allocation Methodology and Principles,~~ then the dispute resolution process set forth in the FRCC Bylaws ~~below under the cost allocation principle of this Attachment K~~ shall govern resolution of the dispute, ~~and the FRCC will notify the FPSC of any such dispute. If a dispute arises among or between Transmission Provider and another transmission provider/owner(s), regarding the FRCC Regional Transmission Planning Process, then the dispute resolution procedures that are contained in the FRCC Regional Transmission Planning Process as set forth below in this Attachment K shall govern.~~

6.2

~~The FRCC Regional Transmission Planning Process has two alternative dispute resolution processes. Any party raising an unresolved issue may request the Mediator Dispute Resolution Process, which involves a mediator being selected jointly by the disputing parties. If the Mediator Dispute Resolution Process is completed, and the issue is still unresolved, by mutual agreement between the parties, the Independent Evaluator Dispute Resolution Process may be utilized. The Independent Evaluator is selected by the FRCC Board of Directors. If the issue is unresolved by either of the dispute resolution processes, the transmission owners, affected parties, or the FRCC may request that the FPSC address such unresolved dispute. Notwithstanding the foregoing, any unresolved issue(s) may be submitted to any regulatory or judicial body having jurisdiction. Described below are the two alternative dispute resolution processes:~~

6.2.1

~~Alternative 1 – Mediator Dispute Resolution Process (Non-Binding)~~

~~The Mediator Process shall be completed within 60 days of commencement. A mediator shall be selected jointly by the disputing parties. The mediator shall: (1) be knowledgeable in the subject matter of the dispute, and (2) have no official, financial, or personal conflict of interest with respect to the issues in controversy, unless the interest is fully disclosed in writing to all participants and all participants waive in writing any objection to the interest. The disputing parties shall attempt in good faith to resolve the dispute in accordance with the procedures and timetable established by the mediator. In furtherance of the mediation efforts, the mediator may:~~

- ~~— Require the parties to meet for face-to-face discussions, with or without the mediator;~~
- ~~— Act as an intermediary between the disputing parties;~~
- ~~— Require the disputing parties to submit written statements of issues and positions; and~~
- ~~— If requested by the disputing parties, provide a written recommendation on resolution of the dispute.~~

~~If a resolution of the dispute is not reached by the 30th day after the appointment of the mediator or such later date as may be agreed to by the parties, the mediator shall promptly provide the disputing parties with a written, confidential, non-binding recommendation on resolution of the dispute, including the mediator's assessment of the merits of the principal positions being advanced by each of the disputing parties. At a time and place specified by the mediator after delivery of the foregoing recommendation, but no later than 15 days after issuance of the mediator's recommendation, the disputing parties shall meet in a good faith attempt to resolve the dispute in light of the mediator's recommendation. Each disputing party shall be represented at the meeting by a person with authority to settle the dispute, along with such other persons as each disputing party shall deem appropriate. If the disputing parties are unable to resolve the dispute at or in connection with this meeting, then: (1) any disputing party may commence such arbitral, judicial, regulatory or other proceedings as may be appropriate; and (2) the recommendation of the mediator shall have no further force or effect, and shall not be admissible for any purpose, in any subsequent arbitral, administrative, judicial, or other proceeding. The costs of the time, expenses, and other charges of the mediator and of the mediation process shall be~~

~~borne by the parties to the dispute, with each side in a mediated matter bearing one-half of such costs. Each party shall bear its own costs and attorney's fees incurred in connection with any mediation.~~

~~6.2.2~~

~~Alternative 2 – Independent Evaluator Dispute Resolution Process (Non-Binding)~~

~~The Independent Evaluator Dispute Resolution Process shall be completed within 90 days. An assessment of the unresolved issue(s) shall be performed by an Independent Evaluator that will be selected by the FRCC Board. The Independent Evaluator shall evaluate the disputed issue(s) utilizing the same criteria that the Planning Committee is held to, that is, “the applicable reliability criteria of FRCC and NERC, and the individual transmission owner's/provider's specific design, operating and planning criteria.” The Independent Evaluator shall be a recognized independent expert with substantial experience in the field of transmission planning with no past business relationship to any of the affected parties within the past two years from the date the Dispute Resolution Process is started. The Board shall retain an Independent Evaluator within 15 days of the request to utilize the Independent Evaluator Dispute Resolution Process. The Independent Evaluator shall prepare a report of its findings, with recommendations on the unresolved issue(s), to the Board and the Planning Committee within 45 days from the date the Board selected the Independent Evaluator. The Independent Evaluator's findings and recommendations shall not be binding. The Board, with the assistance of the Planning Committee and the Independent Evaluator's report, shall attempt to resolve the unresolved issue(s) within 30 days from receipt of the Independent Evaluator's report. If the Board fails to resolve the issue(s) to the satisfaction of all parties, any disputing party may commence such arbitral, judicial, regulatory or other proceedings as may be appropriate. The costs of the Independent Evaluator shall be borne by the parties to the dispute with each party bearing an equal share of such costs. The FRCC shall be one of the parties. Each party shall bear its own costs and attorney fees incurred in connection with the dispute resolution.~~

Section 7 Regional Participation

7.1

The FRCC Regional Transmission Planning Process begins with the consolidation of the long term transmission plans of all of the transmission providers/owners in the FRCC Region. Such transmission plans incorporate the integration of new firm resources as well as other firm commitments. Any generating or transmission entity not required to submit a 10 year plan to the FPSC submits its 10 year expansion plan to the FRCC, together with any issues or special needs they believe are not adequately addressed by the transmission providers/owners' 10 year plans. The FRCC process requires that the FRCC Planning Committee address any issue or area of concern not previously or

adequately addressed with emphasis on constructing a more robust regional transmission system.

7.2

Each transmission provider/owner furnishes the FRCC with a study schedule for each system impact study so that other potentially affected transmission providers/owners can independently assess whether they may be affected by the request, and elect to participate in or monitor the study process. If a transmission provider/owner believes that it may be affected, it may participate in the study process.

7.3

FRCC has a reliability coordination arrangement with Southern Company Services, Inc. ("Southern"), which is located in the Southeastern Subregion of SERC Reliability Corporation ("SERC"). The purpose of the reliability coordination arrangement is to safeguard and augment the reliability on an inter-regional basis for Southern and the FRCC bulk power supply systems. This arrangement provides for exchanges of information and system data between Southern and the FRCC for the coordination of planning and operations in the interest of reliability. The arrangement also provides the mechanism for inter-regional joint studies and recommendations designed to improve the reliability of the interconnected bulk power system. The arrangement contributes to the safeguarding and augmenting of reliability through: (1) coordination of generation and transmission system planning, construction, operating, and protection to maintain maximum reliability; (2) coordination of interconnection lines and facilities for full implementation of mutual assistance in emergencies; (3) initiation of joint studies and investigations pertaining to the reliability of bulk power supply facilities; (4) coordination of maintenance schedules of generating units and transmission lines; (5) determination of requirements for necessary communication between the parties; (6) coordination of load relief measures and restoration procedures; (7) coordination of spinning reserve requirements; (8) coordination of voltage levels and reactive power supply; (9) other matters relating to the reliability of bulk power supply required to meet customer service

requirements; and (10) exchange of necessary information, such as magnitude and characteristics of actual and forecasted loads, capability of generating facilities, programs of capacity additions, capability of bulk power interchange facilities, plant and system emergencies, unit outages, and line outages.

7.4

Southern, PowerSouth Energy Cooperative (formally known as Alabama Electric Cooperative), Dalton Utilities, Georgia Transmission, MEAG Power, and South Mississippi Electric Power Association also sponsor the Southeastern Regional Transmission Planning (“SERTP”) forum. These SERTP sponsors are located within the Southeastern Subregion of SERC. The FRCC and the SERTP have established their respective links to transmission providers and FRCC/SERTP websites as applicable that contain study methodologies, joint transmission studies, inter-regional transmission service and generator interconnection service related studies, and the FRCC/SERTP process for requesting inter-regional economic studies. The FRCC website link that contains this type of information can be found under the *Florida-SERC Inter-Regional Transmission Information* folder. In this folder please refer to a document entitled *FRCC Inter-regional Coordination Process* that describes how information, modeling data and expansion plans are shared. The SERTP website link is <http://www.southeasternrtp.com>. Transmission providers within the FRCC and SERTP coordinate with each other as necessary in the performance of economic studies. The *FRCC SE Region Economic Study Request* document posted under the *Florida-SERC Inter-Regional Transmission Information* folder on the FRCC website describes the process and procedures for requesting inter-regional economic studies. FRCC and SERTP transmission providers plan to attend transmission planning forums when study findings are presented to stakeholders that impact their respective transmission systems.

7.5

The FRCC is a member of the Eastern Interconnection Reliability Assessment Group (“ERAG”) which includes other Eastern Interconnection reliability regional entities, the

Midwest Reliability Organization, the Northeast Power Coordinating Council, Inc., Reliability First Corporation, SERC Reliability Corporation, and Southwest Power Pool. The purpose of ERAG is to ensure reliability of the interconnected system and the adequacy of infrastructure in their respective regions for the benefit of all end-users of electricity and all entities engaged in providing electric services in the region.

Section 8 Economic Planning Studies

8.1

In the performance of an economic sensitivity study that is identified as part of the *FRCC Regional Transmission Planning Process*, Transmission Provider plans to participate in such study utilizing the procedures that are contained in the *FRCC Regional Transmission Planning Process*. If Transmission Provider receives a specific request to perform economic studies for a transmission customer, Transmission Provider plans to utilize the OASIS for such requests. To the extent an economic study would involve other transmission providers/owners, Transmission Provider will coordinate with these providers/owners in performing the study. Stakeholders will collectively be allowed to request the performance of up to five (5) economic planning studies annually, at no charge to the individual requesting customer(s). The cost of the sixth and subsequent economic planning studies requested in a calendar year shall be assessed to the individual customer(s) requesting such studies. If there are similar interests for certain economic studies, stakeholders can coordinate with each other and the Transmission Provider during the transmission planning process to collectively select the five no-charge economic studies. If more than five economic planning studies are requested and the stakeholders are unable to agree on the selection of the five no-charge economic planning studies, then the Transmission Provider will select the five no-charge economic planning studies by selecting one study per stakeholder based on the time the economic planning study was submitted on OASIS (up to a maximum of five stakeholders) and continuing this iterative process until the five no-cost economic planning studies have been selected. In the event the Transmission Provider receives more than one request

for an economic planning study which the Transmission Provider determines: (i) will have overlapping time periods of study; (ii) may involve the same facilities; and (iii) can be reasonably performed on a clustered basis, then the Transmission Provider will, either at the request of transmission customer(s) requesting the studies or if the Transmission Provider deems it to be appropriate, offer to cluster two or more qualifying study requests which meet the aforementioned criteria for an economic planning study. Transmission customers agreeing to the clustering must also agree: (i) to remain in the cluster throughout the performance of the study; and (ii) to share equally in the cost of the study, to the extent that there are such costs (i.e., for economic planning study requests beyond the first five in any calendar year). The Transmission Provider will consider an economic planning cluster study under this section as a single study in the context of the number of studies done at no cost each year.

8.2

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

Section 9 Cost Allocation

~~{Subsections 9.1 – 9.3 refers to apply to cost allocation for~~ third party impacts resulting from the FRCC Regional Planning Process; ~~subsection 9.4 refers applies to economic transmission improvements cost allocation for CEERTS projects.~~ The ~~Cost Allocation cost allocation~~ provisions contained in the ~~Section section~~ relate to cost allocation procedures for specific circumstances as described herein. All other transmission cost allocation not specifically described below is provided in accordance with OATT provisions for generation interconnection, ~~and for~~ network and point-to-point ~~transmission service.~~

9.1

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

9.2

The FRCC Principles for Sharing of Certain Transmission Expansion Costs: (i) sets forth certain principles regarding the provision of financial funding to Transmission Owners (note: for this purpose, “Transmission Owner” means an electric utility owning transmission facilities in the FRCC Region) that undertake remedial upgrades to, or expansions of, their systems resulting from upgrades, expansions, or provisions of services on the systems of *other* Transmission Owners, and (ii) procedures for attempting to resolve disputes among Transmission Owners and other parties regarding the application of such principles. These principles shall not apply to transmission upgrades

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

9.3 Principles

9.3.1

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

9.3.2

If, and to the extent that, the need for a 230 kV or above upgrade to, or expansion of, the transmission system of one Transmission Owner (the “Affected Transmission Owner”) is reasonably expected to result from, upgrade(s) or expansion(s) to, or new provisions of service on, the system(s) of another Transmission Owner or Transmission Owners (hereinafter “Precipitating Events”), and if such need is reasonably expected to arise within the FRCC planning horizon, the Affected Transmission Owner shall be entitled to receive Financial Assistance (as defined herein) from each other such Transmission Owner and other parties, to the extent consistent with the other provisions hereof. Such upgrade or expansion to the Affected Transmission Owner’s system shall hereinafter be referred to as the “Remedial Upgrade.” Upgrade(s), expansion(s), or provisions of service on another Transmission Owner’s system that may result in the need for a Remedial Upgrade on the Affected Transmission

Owner's system for which Financial Assistance is to be provided hereunder include the following Precipitating Events:

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

Specific non-Precipitating Events are as follows: 1) Transmission requests that have already been confirmed prior to adoption of these principles; 2) Qualifying rollover agreements that are subsequently rolled over; 3) Redirected transmission service for sources to the extent the redirected service does not meet the Threshold Criteria described in [paragraph subsection 9.3.5.1](#). Existing flows would not be considered "incremental."; and 4) Repowered generation if the MW output of the facility is not increased, regardless of whether the repowered unit is used more/less hours of the year.

9.3.3

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

9.3.4

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

9.3.5

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

9.3.5.1

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

9.3.5.2

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

9.3.5.3

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

9.3.6

In order for a Transmission Owner to be entitled to receive Financial Assistance from another party or parties hereunder in connection with a particular Remedial Upgrade, that Transmission Owner must: (i) participate, directly or indirectly, in the *FRCC Regional Transmission Planning Process*, and (ii) identify itself as an

Affected Transmission Owner and identify the subject Remedial Upgrade in a timely manner once it learns of the need for that Remedial Upgrade.

9.3.7

The following principles govern the nature and amount of Financial Assistance that an Affected Transmission Owner is entitled to receive from one or more other parties with respect to a Remedial Upgrade:

9.3.7.1

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

9.3.7.2

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

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

9.3.7.3

Initially, there are six zones in the FRCC region. A request by a party to modify one or more zones should be substantiated on its merits (e.g., technical analysis, area of limited transmission capability). Below are principles that will guide how the boundaries of zones are determined:

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

9.3.7.4

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

9.3.8 Implementation and Dispute Resolution Process:

9.3.8.1

As soon as practical after a Transmission Owner shall have identified itself as an Affected Transmission Owner because of the need for a Remedial Upgrade, that Transmission Owner and parties whose actions shall have contributed, or are reasonably expected to contribute, to the need for that Remedial Upgrade which may be responsible for providing Financial Assistance in connection therewith in accordance herewith shall enter into good faith negotiations to: (i) confirm the need and cause for the Remedial Upgrade and their respective responsibilities for providing Financial Assistance to the Affected Transmission Owner, and (ii) establish a fair and reasonable schedule and means by which such

Financial Assistance is to be provided to the Affected Transmission Owner.

9.3.8.2

In the event the parties identified in the foregoing ~~paragraph subsection~~ are unable to reach agreement on the determination or assignment of cost responsibility within a sixty (60) day period, the dispute shall be ~~resolved pursuant to the dispute resolution provisions of the FRCC Bylaws. referred to the parties' designated senior representatives, who have been previously identified, for resolution as promptly as practicable and written notice shall be provided to the Florida Public Service Commission.~~

9.3.8.3

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

9.3.8.43

Nothing in this document is intended to abrogate or mitigate any rights a party may have before any regulatory or other body having jurisdiction.

9.3.8.54

During those circumstances in which this Section 9.3.8 pertaining to Dispute Resolution Process is being utilized due to parties being unable to reach agreement on the determination or assignment of cost responsibility associated with a Remedial Upgrade(s), the parties shall continue in parallel with the Dispute Resolution Process with the engineering, permitting and siting associated with the Remedial Upgrade(s). **The fact that a matter is subject to Dispute Resolution hereunder shall not be a basis for any party being relieved of its obligations under this document.**

~~9.4 — Costs of economic transmission facility improvements that are specifically related to economic projects that were evaluated in the economic planning study process (versus transmission facility improvements undertaken, for example, pursuant to a transmission service request or to resolve reliability issues) will be subject to the following cost allocation methodology. The costs of the economic transmission projects will be allocated proportionally to the project participant(s) (based on the MW requested by a participant(s)) which elect to proceed with the installation of such transmission improvements. The project participant(s) which commit to the transmission improvements will receive firm transmission service. The project participant(s) which take firm transmission service will be entitled to a monthly credit against its transmission service bill. If after twenty years of taking transmission service the project participant(s) has not fully offset the initial investment with transmission service credits, such participant(s) shall receive the balance of the outstanding credits for the initial transmission investment. The Transmission Provider may seek approval from appropriate state and federal regulatory bodies to incorporate, at the appropriate times, the credits that are provided to the project participant(s) in taking transmission service into retail and wholesale rates respectively.~~

9.4 Cost Allocation for CEERTS Projects

9.4.1

The general principle is to allocate the cost of a CEERTS project to the entities that benefit from the project in proportion to the benefits received. Entities that receive no benefit from a CEERTS project will not be allocated any project costs.

9.4.2

Project beneficiaries for a CEERTS project will be Transmission Providers within the FRCC region enrolled in the regional planning process (on behalf of their retail and wholesale customers) which will benefit from the project.

9.4.3

The cost allocation for CEERTS projects is based on avoided transmission costs. Avoided transmission costs are the costs of projects in the regional transmission plan that would otherwise have been constructed in the absence of an approved CEERTS project. The avoided transmission cost of each Transmission Provider that is provided by the CEERTS project is the benefit to that Transmission Provider. The avoided transmission cost of each Transmission Provider divided by total avoided transmission costs is multiplied by the CEERTS project cost to determine the CEERTS project cost allocated to each Transmission Provider. Examples of CEERTS cost allocation are provided in Appendix 4.

9.4.4 Transmission Project Funding and Rate Base/Cost Recovery:

9.4.4.1 If incumbent Transmission Providers are the only transmission developers for a particular project, then they shall have two options in the initial transmission project funding and subsequent cost recovery:

- (1)** Incumbent Transmission Providers may fund the transmission project in proportion to their cost responsibility for the project. For the portions of the projects that each of the companies were building that were related to their cost responsibility, the companies would include those transmission costs within their respective rate bases. The costs would be reflected in FERC filed OATT rates and on-going retail surveillance reporting and subsequent retail rate case filings. For the portion of the funding that was being provided for the transmission to be built by someone other than the incumbent, the payments by the incumbent would be treated as a deferred debit, and the

balance would be amortized over a period of time commensurate with the level of investment, but in no case longer than the useful life of the facility. The unamortized deferred debit would be included in rate base until it is fully amortized to expense. The company receiving the money would treat these monies as a Contribution in Aid to Construction (CIAC) and thus have no associated net book investment in its transmission rate base. CIAC for these purposes will be grossed up for income taxes if applicable. This option would not require a stand-alone FERC rate filing.

(2) Incumbent Transmission Providers may fund the portion of the transmission project that their company would be building/developing. Incumbent transmission providers would include the portion of the transmission project costs that they are funding to satisfy their cost responsibilities; they would include those costs within their respective rate bases for recovery in their routine wholesale and retail rates processes. For those portions of the project costs that were over and above their cost responsibility, the incumbent transmission providers would file with FERC to recover their Transmission Revenue Requirement (“TRR”) associated with those project costs, as appropriate. In addition to including the TRR for those portions of the project costs that were over and above their cost responsibility, the incumbent Transmission Providers would also include any TRR costs allocated to them in their respective wholesale and retail cost of service (e.g. in FERC-filed cost of service in support of FERC-approved OATT rates and in retail surveillance reporting and retail rate cases).

9.4.4.2 If a non-incumbent transmission developer builds the transmission project, it shall file with FERC to recover its TRR from the incumbent Transmission Providers in accordance with their cost responsibilities. The incumbent Transmission Providers may include those costs allocated to them in their respective wholesale

and retail rates (e.g., in FERC-filed cost of service in support of FERC approved OATT rates and in retail surveillance reporting and retail rate cases).

9.4.4.3 Incumbent Transmission Providers with formula-based OATT rates shall be allowed to revise their formula rates to include the deferred debit balance as directly assignable transmission function rate base, and amortization expense should be included as transmission function specific O&M.

9.4.5 Allocation of Transmission Rights:

Transmission Providers allocated costs of CEERTS projects shall have priority with regard to any transmission rights associated with such projects, in proportion to their respective share of such costs.

Section 10 Recovery of Planning Costs

10.1

Planning study costs incurred by the Transmission Provider in the performance of studies requested by a customer/stakeholder associated with transmission service or generator interconnection service are separately addressed in this tariff under provisions that require the customer/stakeholder to pay the cost of such studies. Planning study costs incurred by the Transmission Provider in the performance of the first five economic planning studies will be absorbed by the Transmission Provider in its normal course of business of performing its obligations under this Attachment K. The cost of the sixth and additional economic planning studies in a calendar year will be assessed to the requesting entity as set forth in Section 8.1. Other general transmission planning costs not associated with the above studies are routine cost-of-service items that would be reflected in both wholesale and retail transmission rates as appropriate.

Section 11 Public Policy Planning

11.1

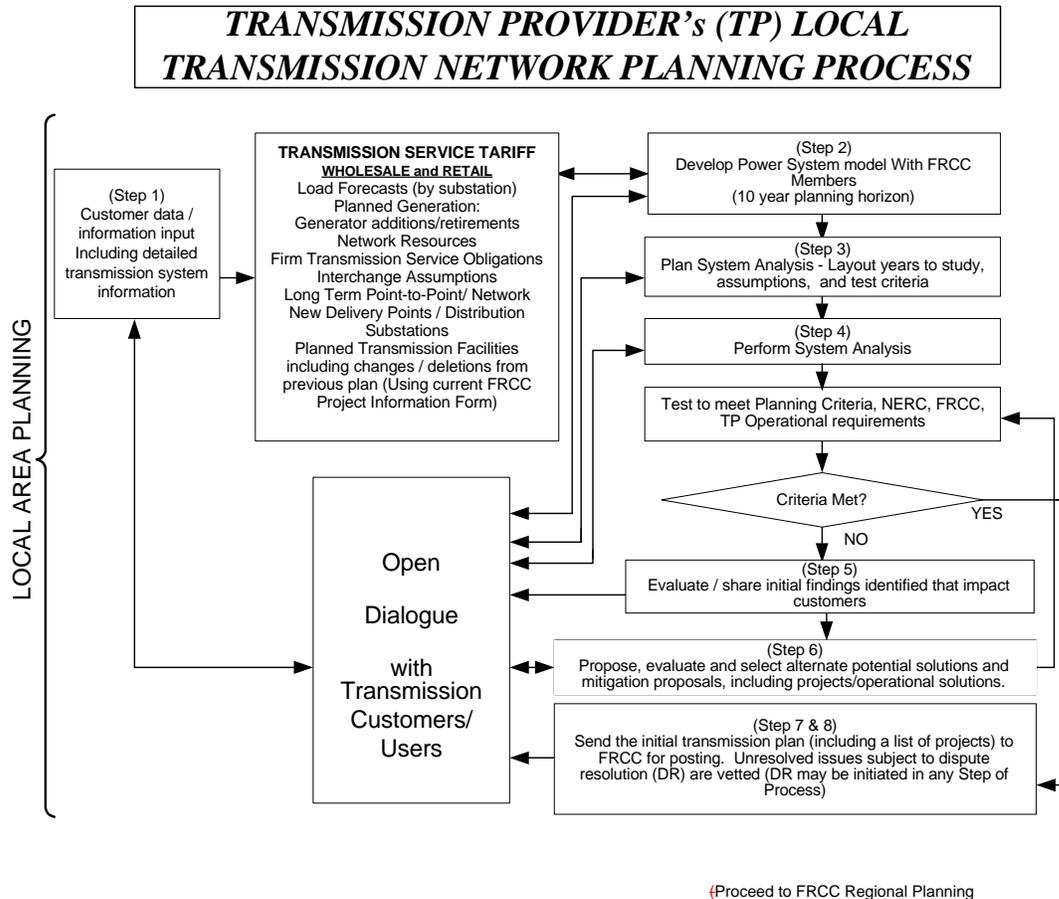
To be considered in transmission planning, a public policy requirement must be reflected in state, federal, or local law or regulation (including an order of a state, federal, or local

agency). The public policy requirement must drive a transmission need that is not readily met through existing, approved requests for new transmission service and/or already planned transmission facilities. Potential public policy transmission needs shall be submitted to the FRCC. The FRCC PC, under the oversight of the FRCC Board, will evaluate those submittals and make a decision as to whether a public policy requirement is driving a transmission need that is not otherwise readily, cost-effectively, and efficiently met through existing requests for new transmission service and/or already planned transmission facilities, and will post this determination on the FRCC website, along with an explanation of that determination. If a public policy transmission need is identified, CEERTS and local projects may be proposed to address such a need.

Appendix 1 to Attachment K

Local Transmission Network Planning Process – Process Description

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.



Local Transmission Network Planning Process – Process Description

Overview:

- The Transmission Provider, which is ultimately responsible for the development of the Transmission Provider's annual 10 Year Expansion Plan, will lead the Local Process on a coordinated basis with the Customers/Stakeholders. This Local Transmission Planning Process will be implemented in such a manner as to ensure the development of the Local Transmission Plan in a timely manner. The Transmission Provider will facilitate each meeting throughout the process. The Transmission Provider will encourage an open dialogue and the sharing of information with Customers/Stakeholders (subject to confidentiality requirements and FERC Standards of Conduct – *note*: the provision for handling of information also applies to all steps of the Local Process) in the development of the Local Transmission Plan.

- Customers/Stakeholders are invited to participate in the Transmission Provider's Local Process.
- The Local Process will comply with the FERC nine principles as well as the provisions below.
- All annual initial kick-off meetings will be open to all Customers/Stakeholders and noticed by the Transmission Provider to all Customers/Stakeholders with sufficient time to arrange for travel planning and attendance (two week minimum). The annual initial kick-off meeting will be a face-to-face meeting; otherwise, with the consent of the Customers/Stakeholders, meetings may be organized as face-to-face meetings, conference calls, web-ex events, etc., wherein the dialogue and communications will be open, direct, detailed, and consistent with the FERC Standards of Conduct and confidentiality requirements.
- The Customers/Stakeholders may initiate the dispute resolution process at any point in the Local Process where agreement between the Transmission Provider and Customer(s)/Stakeholder(s) cannot be reached.
- The entities generally responsible for undertaking the tasks described below are designated as the TP (Transmission Provider) and/or the S (Customers/Stakeholders).

The study process will include the following steps:

(i) Data Submission Requirements (STEP 1 – 3 months)

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

Customers/Stakeholders will submit data to the Transmission Provider in a format that is compatible with the transmission planning tools in common use by the Transmission Provider. The Transmission Provider will identify the data format to be used by the Customers/Stakeholders for all data submissions, or absent a Transmission Provider identified data format, the Customers/Stakeholders will use their discretion in selection of data format. Examples of data that may be required are:

- Load forecasts, if appropriate:
 - Coincident and non-coincident Peak load forecasts will be provided for the subsequent 11 years, for each summer and winter peak season, with real power and reactive power values for each load serving substation (reflected to the transformer high-side) or delivery Point, as applicable.
- Transmission Delivery Points, if appropriate:
 - Delivery Point additions and/or Delivery Point modifications that have not previously been noticed to the Transmission Provider will be communicated by the Customer/Stakeholder to the Transmission Provider via the standard Delivery Point Request letter process.
 - Delivery Point additions and/or Delivery Point modifications that have not previously been included in the FRCC Databank Transmission Planning models will be provided by the Customers/Stakeholders to the Transmission Provider via the standard FRCC Project Information Sheet ("PIF") per the attached Transmission Provider provided form and by the Siemens PTI PSS/E IDEV file format, compatible with the Siemens PTI PSS/E version in common use throughout the FRCC Region at that time.
- Network Resource Forecast, if appropriate:
 - Network Resource forecasts will be provided for the subsequent 11 years, for each summer and winter peak season. At a minimum, the following data will be

provided: 1. the name of each network resource; 2. the total capacity of each network resource; 3. the net capacity of each resource; 4. the designated network capacity of each resource; 5. the Balancing Authority Area wherein each network resource is interconnected to the transmission grid; 5. the transmission path utilized to deliver the capacity and energy of each network resource to the Transmission Provider's transmission system; 6. the Transmission Provider's point of receipt of each network resource; 7. the contract term of each network resource, if not an owned network resource; and 8. the dispatch order of the entire portfolio of network resources (subject to confidentiality requirements and Standards of Conduct).

- How, where, and to whom, the data will be submitted to:
 - If hardcopy, the Transmission Provider will provide the mailing address;
 - If faxed, the Transmission Provider will provide the fax number;
 - If e-mailed, the Transmission Provider will provide the e-mail address;
 - If delivered to a password protected FTP site or e-vault, the Transmission Provider will provide the folder for the data, the contact person to be notified of the data delivery, etc. consistent with confidentiality requirements and FERC Standards of Conduct.

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

(ii) Stakeholder Data Submissions (S) (STEP 1 – con't)

- On or before January 1st of each calendar year, the Customers/Stakeholders will submit the required data (as directed by the Transmission Provider procedures communicated in A. above), plus any additional data that they believe is relevant to the process.
- On or before January 1st of each calendar year, the Customers/Stakeholders will submit to the Transmission Provider the name(s) and contact details for those individuals that will

represent them as the point(s) of contact for resolution of any data submittal or study questions/conflicts.

- On or before January 1st of each calendar year, the Customers/Stakeholders will submit the name(s) of those individuals that will represent them during the FRCC Data Bank Transmission Planning Model development process and throughout the Local Process. Name(s), contact details, and their FERC Standards of Conduct status (i.e., Reliability Only, Merchant function, etc.) will be provided. The contact individuals can be changed by the Customers/Stakeholders with notice to Transmission Provider.

(iii) FRCC Data Bank Transmission Planning Model Development Process (TP/S) (STEP 2 – 2 months)

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

(iv) Kick-off for Transmission Provider's Local Transmission Network Planning Process (STEP 2 – con't - 1 month)

- The Transmission Provider will, approximately two (2) weeks prior to the second quarter initial kick-off meeting (or other date, if Transmission Provider and Customers/Stakeholders agree), communicate via e-mail with all Customers/Stakeholders the schedule/coordination details of the Transmission Provider's Local Process kick-off meeting(s). Customer/Stakeholder shall provide to Transmission Provider a confirmation of their intent to participate in the initial kick-off meeting at least three (3) days prior to such meeting. (TP)
- The Transmission Provider will, in advance of the Kick-off meeting(s), with sufficient time for Customer/Stakeholder review, provide to the Customers/Stakeholders a proposed study schedule, the NERC and FRCC Reliability Standards that will apply to the study, and/or guidelines that will apply to the study and Transmission Provider developed criteria that will apply to the study. (TP)

- The initial Kick-off meeting in the second quarter of the calendar year will begin the Transmission Provider's Local Process. The Transmission Provider will review and validate the input data assumptions received from each Customer/Stakeholder, discuss the proposed study schedule, and discuss the study requirements, which will include, but not be limited to, the following:
 - The methodologies that will be used to carry out the study (TP/S)
 - The specific software programs that will be utilized to perform the analysis (TP)
 - The Years to study (TP/S)
 - The load levels to be studied (e.g., peak, shoulder and light loads) (TP/S)
 - The criteria for determining transmission contingencies for the analysis (i.e. methods, areas, zones, voltages, generators, etc.) (TP/S)
 - The Individual company criteria (i.e., thermal, voltage, stability and short circuit) by which the study results will be measured (TP/S)
 - The NERC reliability standards by which the study results will be measured (TP/S)
 - The FRCC reliability standards and requirements by which the study results will be measured (TP/S)
 - Customer/Stakeholder proposed study scenarios for Transmission Provider consideration in the analysis (TP/S)
- The kick-off process will be complete when the schedule, standards, criteria, rules, tools, methods and Customer/Stakeholder participation are finalized for the study process to (described below) begin. (TP/S)

(v) Case Development (TP) (STEP 3 – 1 month)

- Utilizing all of the data received from the Customers/Stakeholders during the data submission stage and the standards, criteria, rules, tools, and methods determined in the kick-off meeting(s), the Transmission Provider will develop the base case models to be

used for the study. These models will be developed in the Siemens PTI PSS/E file format, compatible with the Siemens PTI PSS/E version in use by the Transmission Provider.

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

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

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

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

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

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

- The Transmission Provider will identify potential solutions / mitigation proposals to address problems / issues. (TP)
- The Transmission Provider will document, electronically post, and provide notice to the Customers/Stakeholders of the posting of the identified potential solutions / mitigation proposals to address problems / issues related to the impacted Customer(s)/Stakeholder(s).
- The Customers/Stakeholders may provide alternative potential solutions / mitigation proposals for the Transmission Provider to consider. Such information shall be provided in IDEV format and posted. (TP/S)
- The Transmission Provider will determine the effectiveness of the potential solutions through additional studies (thermal, voltage, stability and short circuit). The Transmission Provider may modify the potential solutions, as necessary, such that required study criteria are met. (TP)
- The Transmission Provider will identify feasibility, timing and cost-effectiveness of proposed solutions that meet the study criteria. (TP/S)

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

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

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

- The Transmission Provider will submit the Transmission Provider's proposed local transmission network plan results (the Transmission Provider's 10 Year Expansion Plan) to the FRCC for posting with other transmission plans as the FRCC's initial regional transmission expansion plan (reference the *Initial Plans* on the FRCC website), along with an indication whether there are any pending disagreements regarding the Plan (and if there are, will elicit from the dissenting entity(ies), and provide, a minority report regarding such differences of opinion). The Transmission Provider's 10 Year Expansion Plan will include all transmission system projects without differentiation between bulk transmission system projects and lower voltage transmission system projects (i.e. all projects 69 kV and above). This Transmission Provider submittal to the FRCC will be made on or about April 1 and will become part of the Initial FRCC Regional Plan. (TP)
- The *FRCC Regional Planning Process* will now start and the FRCC Regional Planning Process rules and guidelines will now control the transmission planning process. (TP/S)
- Following completion of the Transmission Provider's submission of the local transmission network plan results (the Transmission Provider's 10 Year Expansion Plan) to the FRCC, the Transmission Provider will, either directly or through the FRCC project status reporting process, make available to the Customers/Stakeholders project descriptions, project scheduled in-service dates, project status, etc. for all projects. This information should be updated no less often than quarterly. (TP)

Appendix 2 to Attachment K

FRCC Quorum and Voting Sectors

Note: The below descriptions of the FRCC's Quorum and Voting provisions were extracted from the FRCC *Rules of Procedure for FRCC Standing Committees*. The Planning Committee is one of the Standing Committees within the FRCC.

A. Quorum

Representation at any meeting of the standing committees of 60% or more of the total voting strength of the Standing Committee, shall constitute a quorum for the transaction of business at such meeting; provided, however, that action on matters dealing with the scope or funding of Member Services shall require sixty percent (60%) or more of the total voting strength of members of the Standing Committee representing Voting Members that are Services Members; and provided further that a quorum shall require that at least three (3) Sectors are represented, all three of which shall be Sectors, a majority of the members of which are Services Members in the case of a quorum for action on matters governing Member Services.

If a quorum is not present at any meeting of the standing committees, then no actions may be taken for the purpose of voting. The representatives present may decide to have discussions concerning agenda items as long as voting is not called.

B. Voting

Voting is by Sector. Each voting representative present at a meeting is assigned a vote equal to the voting strength of their Sector, as provided in this section, divided by the number of voting representatives present in that Sector, except that no voting representative present

at a meeting shall have more than one (1) vote, except an Investor Owned Utility Sector voting representative who may have up to 1.167 votes. Action by the Standing Committee shall require an affirmative vote equal to or greater than sixty percent (60%) of the total voting strength of the Standing Committee.

Sector Votes

| | |
|---|-----------|
| (1) Suppliers Sector | 2.5 Votes |
| (2) Non-Investor Owned Utility Wholesale Sector | 2 Votes |
| (3) Load Serving Entity Sector | |
| Municipal | 0.5 Vote |
| Cooperative | 0.5 Vote |
| (4) Generating Load Serving Entity Sector | 3.0 Votes |
| (5) Investor Owned Utility Sector | 3.5 Votes |
| (6) General | 1 Vote |
| Total | 13 Votes |

Appendix 3 to Attachment K

Project Developer Qualification Criteria

1. Demonstration that the project developer is physically, technically, and financially capable of (i) completing the CEERTS project in a timely and competent manner; and (ii) operating and maintaining the CEERTS facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project. To support this demonstration, the following information should be provided/shown:
 - A. Financial resources:
 1. Current credit ratings from Moody's Investor Services and Standard & Poors, if available;
 2. Ability to assume liability for major losses resulting from failure of facilities;
 3. To the extent a project developer is an electric utility and relies on an affiliated transmission and distribution utility for credit, investment, or other financing arrangements, demonstration that any such arrangement complies with applicable legal and regulatory requirements and restrictions;
 4. A summary of any history of bankruptcy, dissolution, merger, or acquisition of the project developer or any predecessors in interest for the current calendar year and the five calendar years immediately preceding its submission of information related to affiliated entities;
 5. A summary of outstanding liens against the developer(s) and/or its subcontractors;
 6. Demonstration that the developer can obtain the necessary professional business and/or construction licensing in the applicable cities, counties and states (Florida, and any others if the project crosses state boundaries).
 - B. Cost containment capability and other advantages the project developer may have to build the specific project, including any binding agreement by the project developer to accept a cost cap that would preclude project costs above the cap from being recovered from the project beneficiaries.

- C. A discussion of the project developer's business practices that demonstrate that its business practices are consistent with Good Utility Practices for proper licensing, designing, right-of-way acquisition, constructing, operating and maintaining transmission facilities that will become part of the regional transmission grid. The project developer shall also provide the following information for the current calendar year and the previous five calendar years:
 - 1. A summary of any violations of law by the project developer found by federal or state courts, federal regulatory agencies, state public utility commissions, other regulatory agencies, or attorneys general; and
 - 2. A summary of any instances in which the project developer is currently under investigation or is a defendant in a proceeding involving an attorney general or any state or federal regulatory agency, for violation of any laws, including regulatory requirements.
- D. Technical and engineering qualifications and experience;
- E. Past history of meeting transmission project schedules;
- F. Past history regarding providing construction and maintenance of transmission facilities and/or contracting for the construction and maintenance of transmission facilities;
- G. Capability to adhere to standardized construction, maintenance and operating practices;
- H. Plans for compliance with all applicable reliability standards;
- I. Planning standards that will be used to develop the project: and
- J. Plans to obtain the appropriate NERC certifications.
- 2. An attestation from an officer of the project developer stating that the information that is being submitted is true and that the project developer will comply with the provisions identified in the qualification data submittal, and an annual (or more often if the information provided has materially changed) update of the information submitted, accompanied by an attestation from an officer of the project developer that the previously

- submitted information remains correct and has not materially changed since the last attestation, with such attestation to be submitted each year that the transmission developer has a transmission project under consideration in the FRCC Regional Planning Process, under construction in the FRCC region or in-service within the FRCC region.
3. For joint ventures, partnerships, or other multiple-party developer arrangements, the qualification criteria above will be applied to the designated lead entity, which will be responsible for meeting the qualification criteria. Sharing of such responsibilities with other entities may be achieved contractually between the designated lead entity and its partners.

Appendix 4 to Attachment K

Examples of CEERTS Avoided Cost Methodology

Example 1:

- CEERTS project where Companies A & B each receive benefits from the project
- The transmission project developer is a non-incumbent transmission developer

Assumptions:

- Total capital cost of the CEERTS Project = \$400 M
- Avoided transmission capital cost = \$500 M:
 - Company A = \$300 M
 - Company B = \$200 M

Benefit to Cost Ratio:

- Total capital cost of transmission avoided (\$500 M) / capital cost of the CEERTS project (\$400 M) = 1.25, therefore this CEERTS project passes the benefit to cost ratio threshold.

CEERTS Cost Allocation:

- Project beneficiaries:
 - Company A = 60% of the transmission cost responsibility
 - Company B = 40% of the transmission cost responsibility

Example 2:

- CEERTS project where Companies A & B each receive benefits from the project
- The transmission project developer is a non-incumbent transmission developer

Assumptions:

- Total capital cost of the CEERTS project = \$400 M
- Avoided transmission capital cost = \$300 M:
 - Company A = \$100 M
 - Company B = \$200 M

Benefit to Cost Ratio:

- Total capital cost of transmission avoided (\$300 M) / capital cost of the CEERTS project (\$400 M) = 0.75, therefore this CEERTS project does not pass the benefit to cost ratio threshold.

CEERTS Cost Allocation:

- N/A

Example 3:

- CEERTS project where Companies A & B each receive benefits from the project
- The transmission project developer is a non-incumbent transmission developer

Assumptions:

- Total capital cost of the CEERTS project = \$400 M
- Avoided transmission capital cost = \$450 M:
 - Company A = \$250 M
 - Company B = \$200 M

Benefit to Cost Ratio Triggering Long Term Comprehensive Net Present Value Analysis:

- Total capital cost of transmission avoided (\$450 M) / capital cost of the CEERTS project (\$400 M) = 1.125; because this ratio is between 1.25 and 1.0 this CEERTS project is comprehensively analyzed for long term net present value costs using a traditional revenue requirements approach.
- If the net present value cost of the CEERTS project is less than the net present value cost of the avoided transmission project(s), then the CEERTS project passes the cost benefit analysis. If the net present value cost of the CEERTS project is more than the net present value cost of the avoided transmission project(s), then the CEERTS project does not pass the cost benefit analysis.

CEERTS Cost Allocation (Assuming Passage of Cost Benefit Test):

- Project beneficiaries:
 - Company A = 55.6% of the transmission cost responsibility
 - Company B = 44.4% of the transmission cost responsibility