September 14, 2007

TO: FERC Staff, FPSC Staff, Transmission Customers and other Stakeholders

FROM: Florida Attachment K Sponsors - Florida Power & Light Company JEA, Orlando Utilities Commission, Progress Energy Florida, Inc. and Tampa Electric Company

SUBJECT: Draft Strawman Attachment K

The purpose of this communication is to provide an updated draft of the Florida Attachment K sponsors' strawman document and an update of the stakeholder process for the final development of this document.

This draft of Attachment K incorporates the following events and input since the first posting of the strawman on May 29, 2007:

(1) The Federal Energy Regulatory Commission (FERC) Technical Conference in Little Rock, AK

(2) The results to date of the Florida Reliability Coordinating Council (FRCC) Cost Sharing Task Force (CSTF) stakeholder process in developing the current draft (August 7) of the *FRCC Cost Allocation Methodology & Principles*. The Florida Public Service Commission (FPSC) was briefed on the status of this "work in progress" at the FPSC Ten Year Site Plan (TYSP) Workshop on August 15. The draft was subsequently reviewed by the FRCC Board on August 17 and accepted as a conceptual framework to continue further development

(3) The FERC Staff White Paper issued on August 2 which provides further guidance on the development of Attachment K.

(4) Discussion and comments received during the August 21 stakeholder conference call on the August draft of the strawman Attachment K.

(5) Other comments received from stakeholders.

The sponsors fully support the continued dialogue with the stakeholders in the development of this Attachment K and the FRCC Cost Allocation Methodology & Principles which is currently being addressed through the FRCC CSTF stakeholder process in coordination with the overall Attachment K process. We welcome specific wording modifications to this effect.

With respect to the Attachment K posting requirement of September 14, 2007, the sponsors will be meeting this requirement by posting the latest draft of Attachment K and with this communication.

While we are mindful that the stakeholders will not have had time to review the new draft Attachment K prior to September 14th, the sponsors' intent was to provide this new draft as soon as it was developed along with a process for continued stakeholder input such that a consensus Attachment K for the Florida entities can be achieved. In support of this goal, there is remaining work to do and a schedule is necessary. To that end, the schedule below allows for stakeholder input as well as FPSC and FRCC reviews and approvals to enable final development and completion of Attachment K and the attendant compliance filing with the FERC on or before December 7, 2007.

- Sept 24 – Attachment K stakeholders meeting at the FRCC (10 a.m. – 3 p.m.). The sponsors welcome specific proposed wording modifications to the draft Attachment K.
- Sept 27 – FRCC CSTF meeting at the FRCC (10 a.m. – 3 p.m.)
- Oct 1-2 – FERC Technical Conference in Atlanta
- Oct 12 – Attachment K stakeholders meeting at the FRCC (10 a.m. – 3 p.m.)

STRAWMAN ATTACHMENT K

Transmission Planning Process

Sponsored by:

Florida Power & Light Company

JEA

Orlando Utilities Commission

Progress Energy Florida, Inc.

Tampa Electric Company

ATTACHMENT K

Transmission Planning Process

Purpose

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 (https://www.frcc.com/Planning/Shared%20Documents/FRCC_Regional_Transmission_Planning_Process.pdf) 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.

Coordination

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 a 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 shall take place regarding customer needs. Topics such as load growth projections, planned generation resource additions/deletions, new delivery points and possible transmission alternatives shall be 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. 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, 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 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.

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. [1] 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 web site. 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.

This coordinated FRCC Regional Transmission Planning Process offers many

[1] 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.

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 (https://www.frcc.com/Planning/default.aspx).

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.

A general scope of the Planning Committee and the respective working groups related to transmission planning are 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 (https://www.frcc.com/committees.aspx). 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.

Planning Committee

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 (https://www.frcc.com/Documents/Rules_of_Procedure_for_FRCC_Standing_Committees.pdf).

Working Groups related to transmission planning reporting to the Planning Committee are described below.

Transmission Working Group

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 FRCC including the bulk power transmission and generation systems, projected loads and any facility additions for an eleven year period; 2) Putting together the FERC Form 715 filing and EIA-411 for FRCC members, preparation of State of Florida electrical maps, etc.

Stability Working Group

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..

Openness

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.

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 FRCC Planning Committee Member list (https://www.frcc.com/PC/Shared%20Documents/FRCC_Planning_Committee_Member_List.pdf). 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 (https://www.frcc.com/Documents/Rules_of_Procedure_for_FRCC_Standing_Committees.pdf).

The FRCC meeting dates (https://www.frcc.com/Planning/default.aspx), and the chairs, and member representatives for the various committees are also posted on the FRCC website (https://www.frcc.com/committees.aspx). 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.

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, which is information that the affiliated merchant employee receiving the information could use to commercial advantage. The full document that describes the FRCC developed FERC Standards of Conduct Protocols is posted on the FRCC website (https://www.frcc.com/Planning/Shared%20Documents/Standards_of_Conduct_Protocols.pdf).

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.

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 five stakeholder sectors: Suppliers, Non-IOU Utility Wholesalers, Load Serving Entities, Generating Load Serving Entities and IOUs. The rules of procedure governing the Planning Committee in conducting the FRCC Regional Transmission Planning Process is posted on the FRCC website (https://www.frcc.com/Documents/Rules_of_Procedure_for_FRCC_Standing_Committees.pdf). The FPSC is encouraged to and does participate in the FRCC Regional Transmission Planning Process.

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 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 at https://www.frcc.com/Planning/Shared%20Documents/Transmission_Info_Release_Procedure_and_Forms.pdf.

Transparency

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.

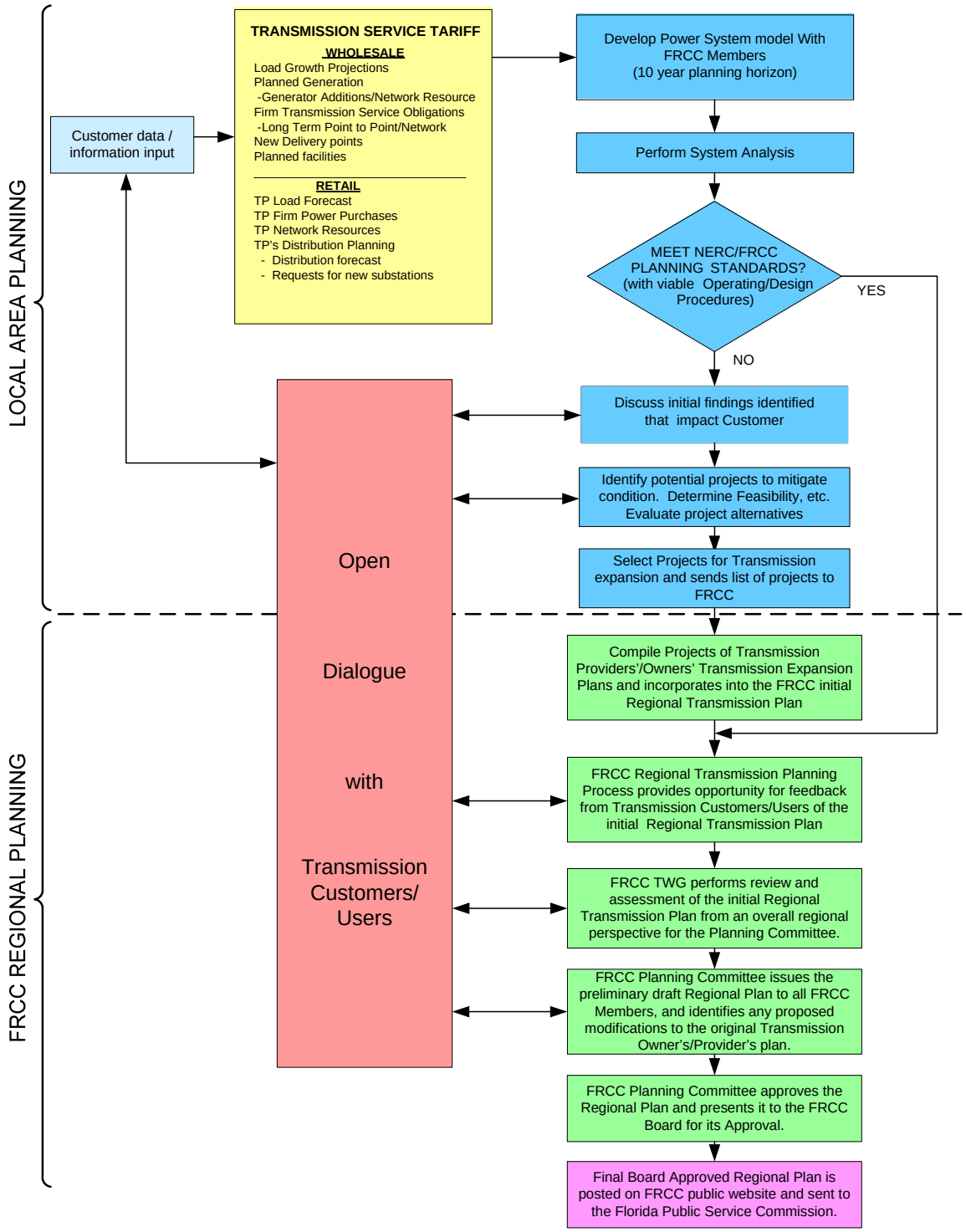
During the Transmission Provider's local area planning process the Transmission Provider utilizes the FRCC databanks which contain information provided by the Transmission Provider and Customers of projected loads as well as all planned and committed transmission and generation projects, including upgrades, 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 are illustrated in the process flow diagram below.

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 AND REGIONAL COORDINATED TRANSMISSION PLANNING PROCESS OVERVIEW



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 between 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 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 and project descriptions for transmission projects and the status of upgrades are available. The FRCC updates and distributes transmission projects/upgrades on a regular basis. 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.

The FRCC also produces the following annual reports which are submitted 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.

Information Exchange

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 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 November 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.

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. 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.

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, PMAX, PMIN, QMAX, QMIN, 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.

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.

Comparability

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.

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 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. 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.

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 complies and distributes a list of projects distributed from the transmission providers/owners and updates the project status to keep the list current. FRCC complies 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.

Dispute Resolution

If a dispute arises between a transmission customer and the transmission

provider involving Transmission Service under the Tariff, 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 a cost allocation issue regarding the Cost Allocation Methodology and Principles, then the dispute resolution process set forth below under the cost allocation principle of this Attachment K shall govern.

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.

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:

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.

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.

Regional Participation

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.

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.

FRCC has a reliability coordination arrangement with Southern Company Services, Inc. ("Southern"), which is in the Southeastern Subregion of the SERC Reliability Corporation Region that the FRCC is connected to, with the purpose of safeguarding and augmenting the reliability of the Southern/SERC and the FRCC bulk power supply systems. This arrangement provides for exchanges of information and system data between Southern and FRCC for the coordination of planning and operations in the interest of reliability. The arrangement also

provides the mechanism for regional studies and recommendations designed to improve the reliability of the interconnected bulk power system. Duties under the arrangement are as follows: (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.

The FRCC and the Southeastern Subregion of SERC plan to establish a link to transmission providers and Regional Reliability Organization websites as applicable that contain study methodologies, joint transmission studies, inter-regional transmission service and generator interconnection service related studies, and procedures to request economic studies. Transmission providers within the FRCC and Southeastern Subregion of SERC coordinate with each

other as necessary in the performance of economic studies. FRCC and Southeastern SERC transmission providers plan to attend transmission planning forums when study findings are presented to stakeholders that impact their respective transmission systems.

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.

Economic Planning Studies

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.

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, 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.

Cost Allocation

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 as described in Paragraph 1 below, the Transmission Provider plans to utilize the Cost Allocation Methodology and Principles 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.

[The following description of the Cost Allocation Methodology and Principles is a "work in progress" in the FRCC region and will require additional work to complete. The FRCC Board is currently overseeing this process development. A time line to meet the December 7 FERC compliance filing date has been established. The description is a high level representation of the principles and guidelines that are the basis for the continued development of Cost Allocation Methodology and Principles. The following FRCC link, https://www.frcc.com/Planning/Shared%20Documents/FRCC_Cost_Allocation_Methodology_and_Principles.pdf. will allow access by interested parties to review underlying detail on this methodology which will be updated as the document is further developed.]

The following Cost Allocation Methodology and Principles are intended to provide guidelines and mechanisms for resolution of cost responsibility in those circumstances where transmission expansion is identified as being 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[2] as described in Paragraph 1 below. All transmission projects not covered by this Process will be the financial responsibility of the Transmission Owner. The right of recovery under this Process only relates to transmission expansion costs that are above and beyond any costs associated with transmission construction that is addressed pursuant to FERC Orders 2003 and 2006.

[2] Transmission Owner means an electric utility owning transmission facilities in the FRCC Region.

Cost Allocation Methodology and Principles

1. A Transmission Owner shall be responsible for upgrading its respective transmission system to meet NERC and FRCC Reliability Standards identified under the FRCC Regional Transmission Planning Process.
   a. In those circumstances when a Transmission Owner's provision of long term firm point-to-point transmission services or network service to accommodate designations of new long term network resources to serve retail and/or wholesale customers causes a material adverse impact that satisfies the "Threshold Concepts" delineated below (see Paragraph 4) on a third party Transmission Owner's system (i.e., "Affected Transmission Owner") and which results in the need to expand and/or upgrade the Affected Transmission Owner's 230 kV or above transmission system to meet NERC and FRCC Reliability Standards (i.e., "Transmission Expansion"), then such Affected Transmission Owner shall have the right to recover from third parties all or a portion of the costs associated with such Transmission Expansion.

2. Costs associated with Transmission Expansion by the Affected Transmission Owner shall include only the capital costs of the transmission facility, including up-front[3] identifiable costs. The total costs for cost sharing would

[3] "Up-front" costs are costs that are expended in preparation for the construction of a transmission project, incurred up to and including the date the utility completes site clearing work. Up-front costs include, but are not limited to: any and all costs associated with preparing, reviewing and defending a Transmission Line Siting Act application; costs associated with site, technology and route selection and acquisition; costs

be the "up-front" costs plus the cost of construction (which includes the cost of financing the construction).

3. The Affected Transmission Owner shall be solely responsible for the execution of all engineering, permitting, rights-of-way and construction of the facilities associated with the Transmission Expansion.

4. Threshold Concepts: All of the following Thresholds Concepts must be met in order for an Affected Transmission Owner to have a right to recover from third parties all or a portion of the costs associated with a Transmission Expansion:

   - A pre-specified change in flow on the Affected Transmission Owner's facilities which results in a Reliability Standards violation;
   - The Transmission Expansion must be 230 kV or higher voltage;
   - The costs associated with the Transmission Expansion must exceed a pre-specified amount; and
   - The Transmission Owner must identify itself as a potential Affected Transmission Owner in a timely manner.

5. The entity connecting a new generator and requesting long-term firm transmission service, the Transmission Owner where a new generator is to be connected, the Affected Transmission Owner, the transmission service customer(s), and the Transmission Owner(s) providing long-term firm transmission service, as applicable, shall enter into good faith negotiations to allocate and assign cost responsibility for the expansion and/or upgrades to the Affected Transmission Owner's transmission system consistent with the "Cost Allocation Methodology and Principles for Transmission Expansions"

---

of engineering, designing, and permitting; costs of clearing, grading, and excavation; and costs of development of any on-site construction facilities.

set forth below. At the time of commencement of negotiations, each entity shall designate a senior representative for each such entity to be available to resolve disputes.

Cost Allocation Methodology and Principles for Transmission Expansions:

The costs associated with the implementation of the Transmission Expansion will be allocated to entities as follows:

- A recognition of planned transmission facility benefits that are identifiable, quantifiable and needed (e.g., deferral of other transmission projects).
- Costs, net of recognized benefits, shall be allocated based on:
  - A portion to the load in the area or zone associated with the need for the Transmission Expansion.
  - A portion to sources or cluster of sources which are causing the need for the transmission expansion.

6. In the event the entities involved in Paragraph 5, above, are unable to reach agreement on the determination and assignment of cost responsibility within a 60 day period, the dispute shall be referred, as promptly as practicable, to the designated representatives discussed above in Paragraph 5 for resolution.

7. In the event the designated representatives are unable to resolve the dispute within 30 days by mutual agreement, such dispute may be submitted to the FPSC for dispute resolution, in which case the following provisions shall apply: (i) the decision of the FPSC shall be deemed final and binding upon the parties to the proceeding (a) if the affected parties agree ahead of time in writing to that effect or (b) if the decision of the FPSC is not challenged within 90 days of its issuance; and (ii) the decision of the FPSC, if not binding under the provisions of (i)(a) above, may be challenged within 90 days of its

issuance (a) at the FERC if it involves matters subject to FERC's jurisdiction or (b), if the matter is not FERC-jurisdictional, in a court having jurisdiction to hear appeals from FPSC decisions.

8. Nothing in these Cost Allocation Methodology and Principles provisions is intended to abrogate or mitigate any rights a party may have before any regulatory body having jurisdiction.