Welcome

SERTP 2012

"First RPSG Meeting & Interactive Training Session"

Southeastern Regional TRANSMISSION PLANNING

2012 SERTP

- The SERTP process is a transmission planning process.
- Please contact the respective transmission provider for questions related to real-time operations or OATT transmission service.

Southeastern Regional TRANSMISSION PLANNING

2012 SERTP

Purposes & Goals of the Meeting

- 2012 SERTP Process Overview
- Form the "RPSG"
  - Regional Planning Stakeholders Group
  - Committee Structure and Requirements
- Economic Planning Studies
  - Review Previous Study Selections
  - Review Requested Sensitivities for 2012
  - RPSG To Select The Five Economic Planning Studies
- Interactive Training Session
  - Transmission Expansion Planning Process
- FERC Order 1000 – Regional Requirements
- Next Meeting's Activities

Southeastern Regional
TRANSMISSION PLANNING

2012 SERTP
Process Overview

2012 SERTP Process Overview

- **1st Quarter Meeting**
  - "First RPSG Meeting & Interactive Training Session"
  - Form RPSG
  - Select Five Economic Planning Studies
  - Interactive Training Session
- **2nd Quarter Meeting**
  - "Preliminary Expansion Plan Meeting"
  - Review Modeling Assumptions
  - Discuss Preliminary 10 Year Expansion Plan
  - Stakeholder Input and Feedback Regarding the Plan

2012 SERTP Process Overview

❖ 3rd Quarter Meeting

- "Second RPSG Meeting"
- Discuss the Preliminary Results of the Five Economic Studies
- Stakeholder Input and Feedback Regarding the Study Results
- Discuss Previous Stakeholder Input on the Expansion Plan

❖ 4th Quarter Meeting

- "Annual Transmission Planning Summit & Assumptions Input Meeting"
- Discuss Final Results of the Five Economic Studies
- Discuss the 10 Year Transmission Expansion Plan
- Obtain Stakeholder Input on the Transmission Model Assumptions Used in Developing Next Year's Plan

The SERTP Stakeholder Group: "RPSG"

- **Serves Two Primary Purposes**

1) The RPSG is charged with determining and proposing up to five (5) Economic Planning Studies on an annual basis

2) The RPSG serves as the representatives in interactions with the Transmission Provider and Sponsors for the eight (8) industry sectors

RPSG Committee Structure

❖ RPSG Sector Representation

1) Transmission Owners / Operators
2) Transmission Service Customers
3) Cooperative Utilities
4) Municipal Utilities
5) Power Marketers
6) Generation Owners / Developers
7) Independent System Operators (ISOs) / Regional Transmission Operators (RTOs)
8) Demand Side Management / Demand Side Response

RPSG Committee Structure

- **Sector Representation Requirements**
  - **Maximum of two (2) representatives per sector**
  - **Maximum of 16 total sector members**
  - **A single company, and all of its affiliates, subsidiaries, and parent company, is limited to participating in a single sector**

RPSG Committee Structure

- **Annual Reformulation**
  - **Reformed annually at each 1st Quarter Meeting**
  - **Sector members will be elected for a term of approximately one year**
  - **Term ends at the start of the following year's 1st Quarter SERTP Meeting**
  - **Sector Members shall be elected by the Stakeholders present at the 1st Quarter Meeting**
  - **Sector Members may serve consecutive, one-year terms if elected**
  - **There is no limit on the number of terms that a Sector Member may serve**

RPSG Committee Structure

- **Simple Majority Voting**
  - **RPSG decision-making that will be recognized by the Transmission Provider for purposes of Attachment K shall be those authorized by a simple majority vote by then-current Sector Members**
  - **Voting by written proxy is allowed**

2012 Economic Planning Study Requests

Previous Economic Planning Studies

Current Economic Planning Study Requests

RPSG Formation

2011 Sector Representatives

2012 Sector Representatives

2012 Economic Planning Studies

Vote on Economic Planning Studies

Interactive Training Session

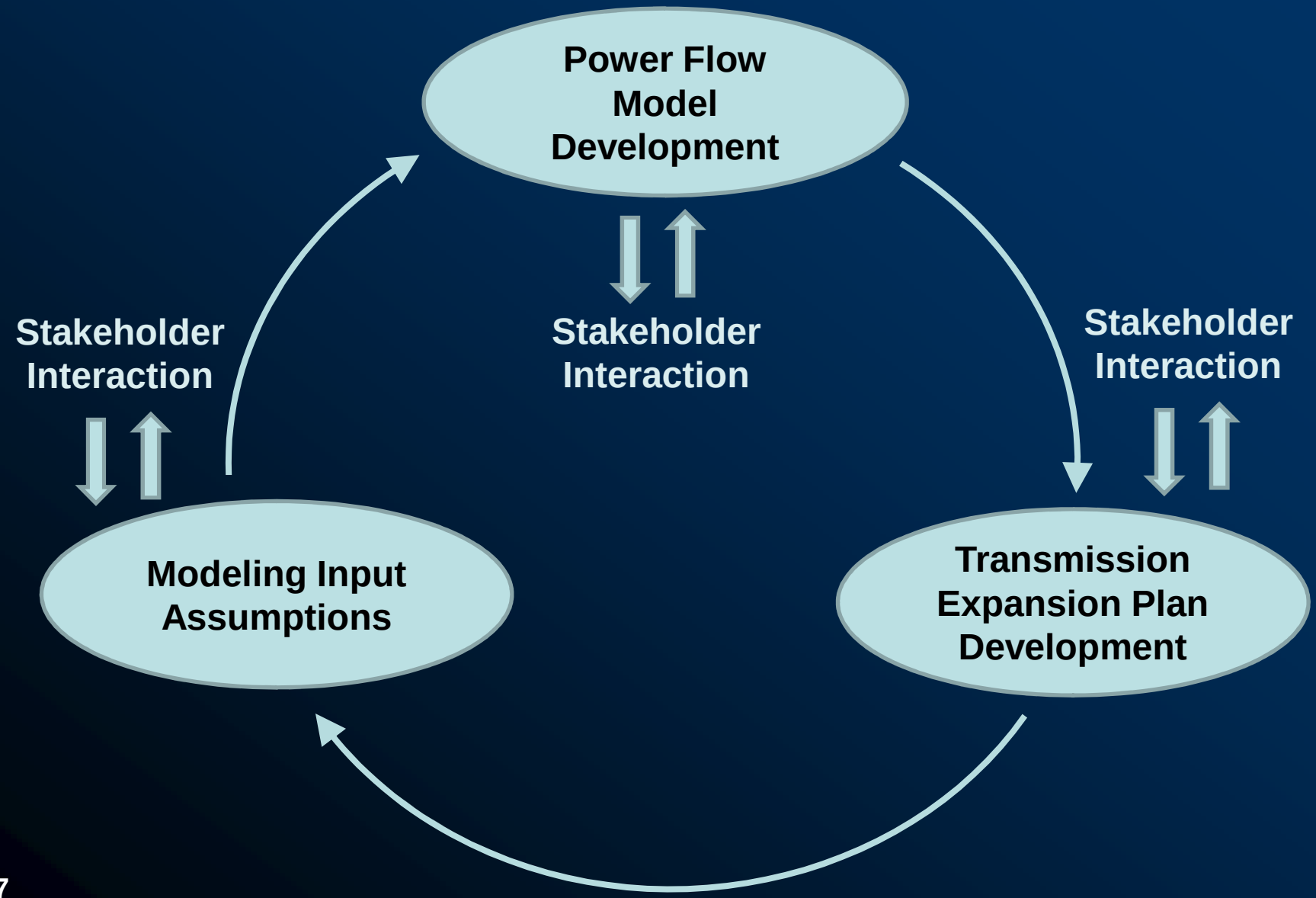
Interactive Training Session

- Explain and discuss the underlying methodology and criteria that will be utilized to develop the transmission expansion plan

- Planning Criteria:
  - On the SERTP Website

Southeastern Regional TRANSMISSION PLANNING

Interactive Training



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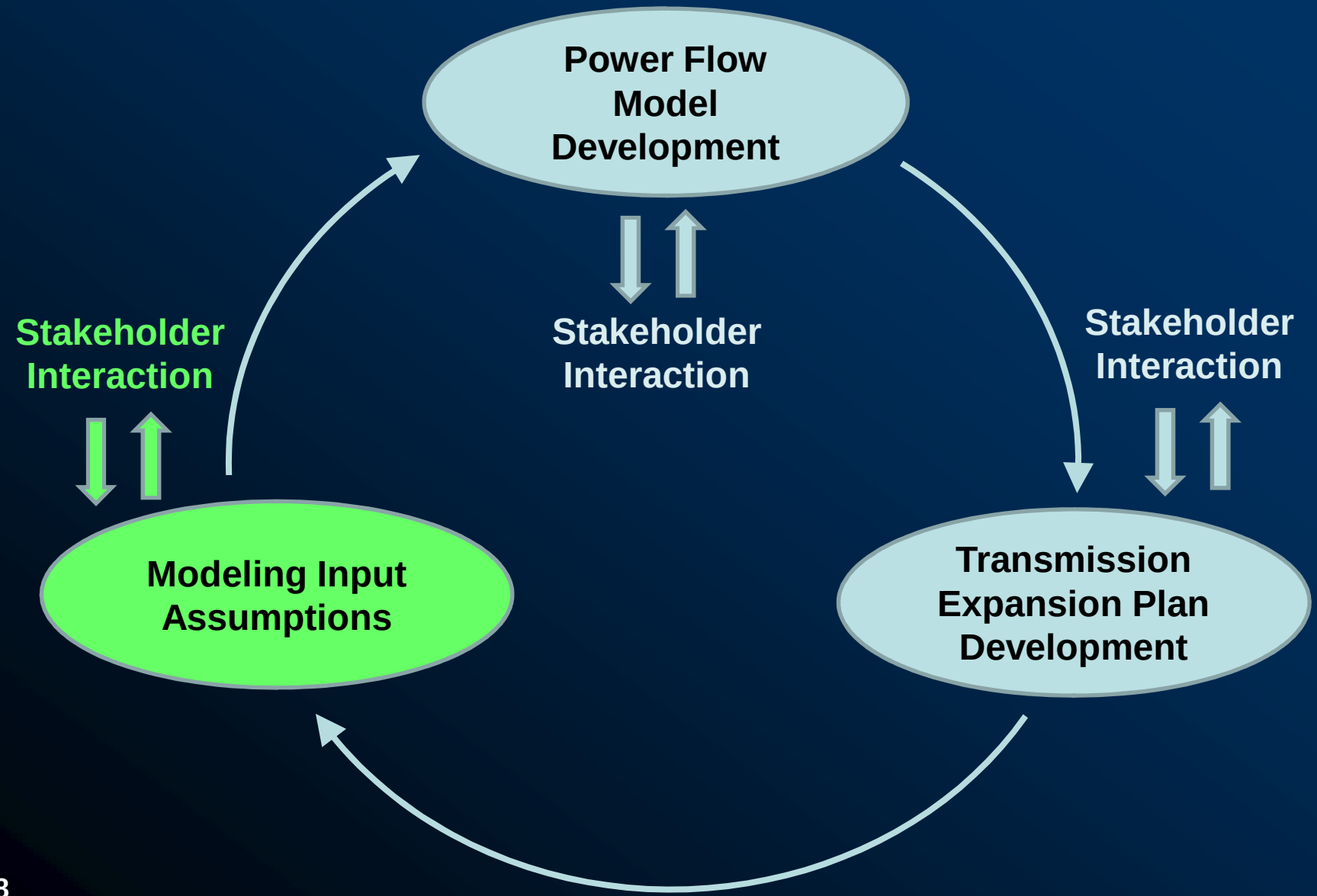
Interactive Training



Interactive Training

Modeling Input Assumptions

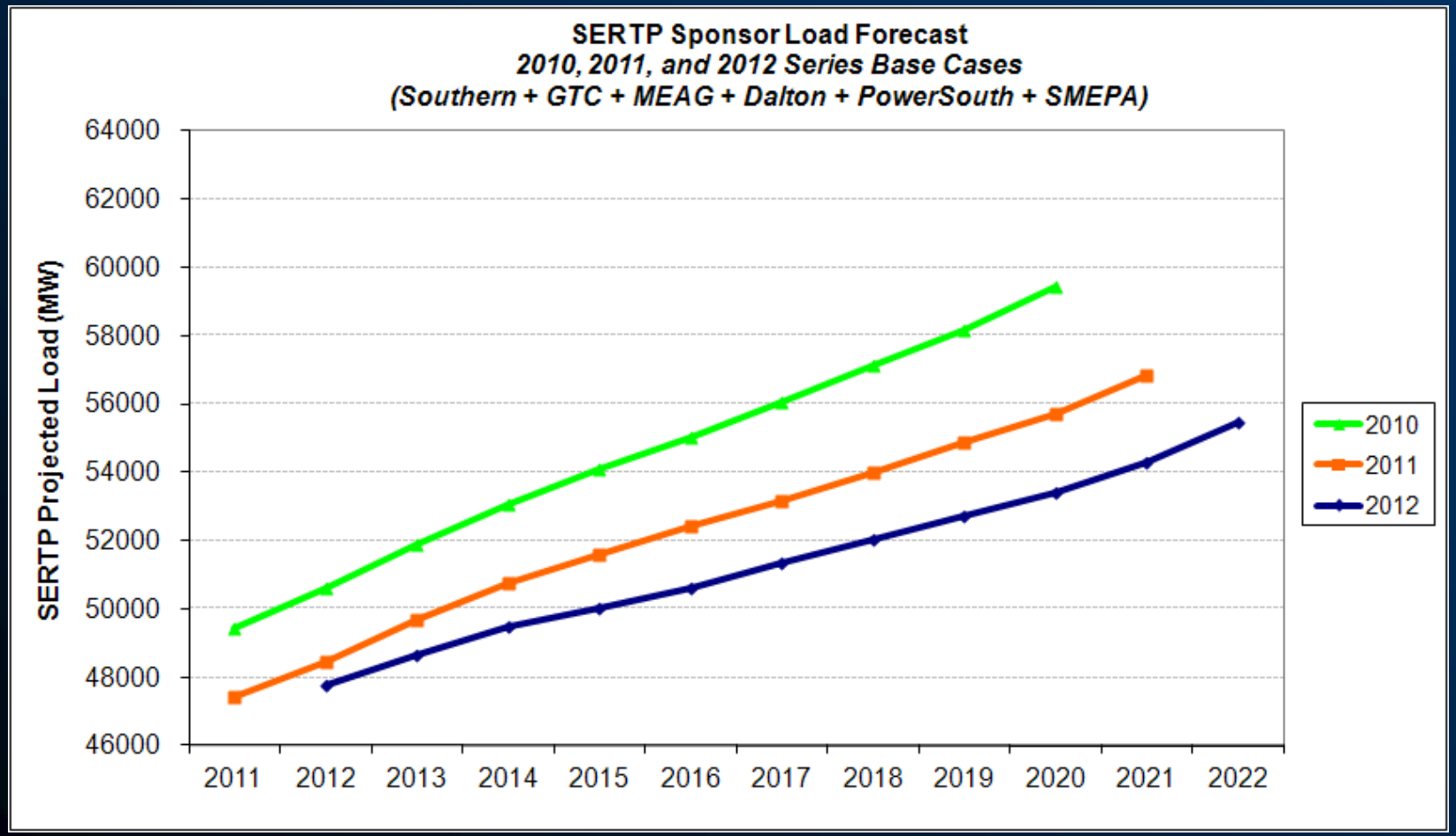
- Load Forecast
- Resource Assumptions

MODELING INPUT ASSUMPTIONS

- Load Forecast
- Resource Assumptions

MODELING INPUT ASSUMPTIONS

- SERTP Sponsor Load Forecasts



MODELING INPUT ASSUMPTIONS

- Load Forecast
  - Provided by the Load Serving Entities
  - Factors include:
    - Forecasted industrial, residential, and commercial load growth
    - Metered Data
  - Models include forecasted MW & MVAR amounts for each season (Summer, Winter, Spring, Fall)

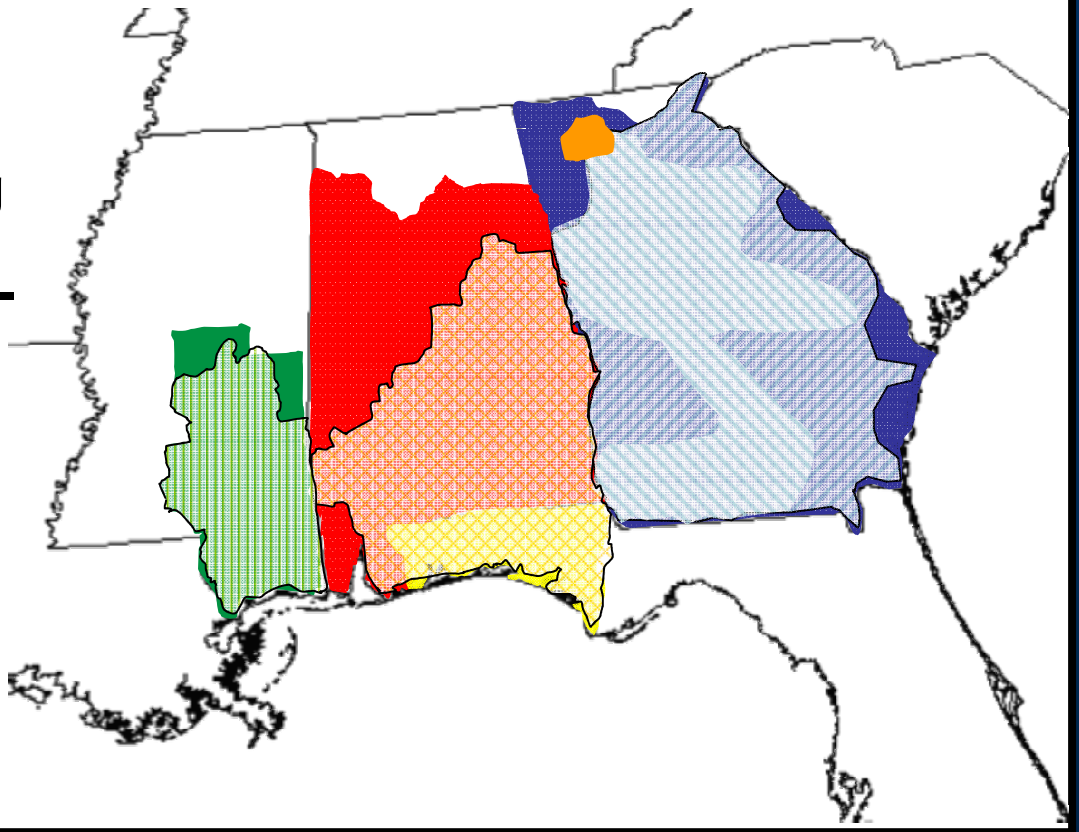
Interactive Training

Modeling Input Assumptions

- Load Forecast

Provided by Load Serving Entities (LSEs)

- Alabama Power
- Georgia Power
- Gulf Power
- Mississippi Power
- GTC
- MEAG
- City of Dalton
- Power South
- SMEPA

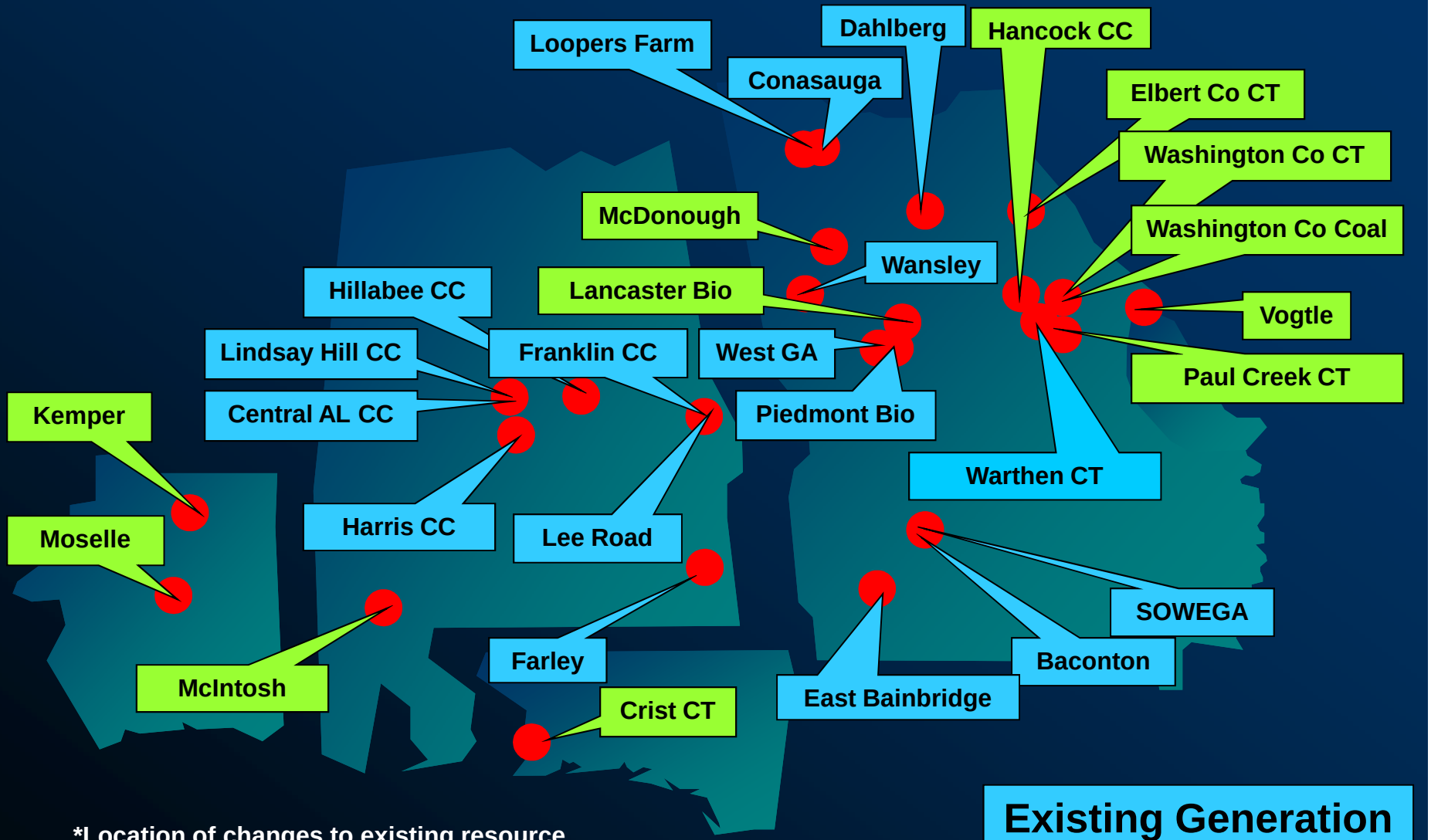


MODELING INPUT ASSUMPTIONS

- Load Forecast
- Resource Assumptions

Southeastern Regional TRANSMISSION PLANNING

Interactive Training



*Location of changes to existing resource assumptions throughout the 10 year planning horizon

MODELING INPUT ASSUMPTIONS

- Resource Assumptions
  - Where do the resource assumptions come from?

1) Load Serving Entities
2) Network Load Customers
   - Network Integrated Transmission Service
3) External Entities
   - Point to Point Transmission Service (Exports)

MODELING INPUT ASSUMPTIONS

- Resource Assumptions
  1) Load Serving Entities (LSEs)
     - Receive resource assumptions from LSEs to serve load each year
       - Generator Locations
       - Amounts (MW)

MODELING INPUT ASSUMPTIONS

- Resource Assumptions
  - How are LSE resource assumptions identified?
    - In general, the LSE and the Resource Planner perform analyses to identify resource needs.
    - Integrated Resource Planning ("IRP") Process
      - Considers overall costs (Fuel, Generation, Transmission, Environmental, etc.)
    - LSEs provide the resource assumptions, which are included in the power flow models.
    - Any associated transmission needs are factored into the ten year transmission expansion plan.

MODELING INPUT ASSUMPTIONS

- Resource Assumptions
  - 2) Network Load Customers
    - Models also include the network load and network resource forecasts provided each year by the network load customer
    - Ex: Network Integrated Transmission Service
      - Sylacauga CT – AMEA Load (95 MW)

MODELING INPUT ASSUMPTIONS

- Resource Assumptions
  - 3) External Entities
    - Models also include generator assumptions for point to point transmission service commitments
    - Ex: Point to Point
      - Harris 1 – FPL (584 MW)

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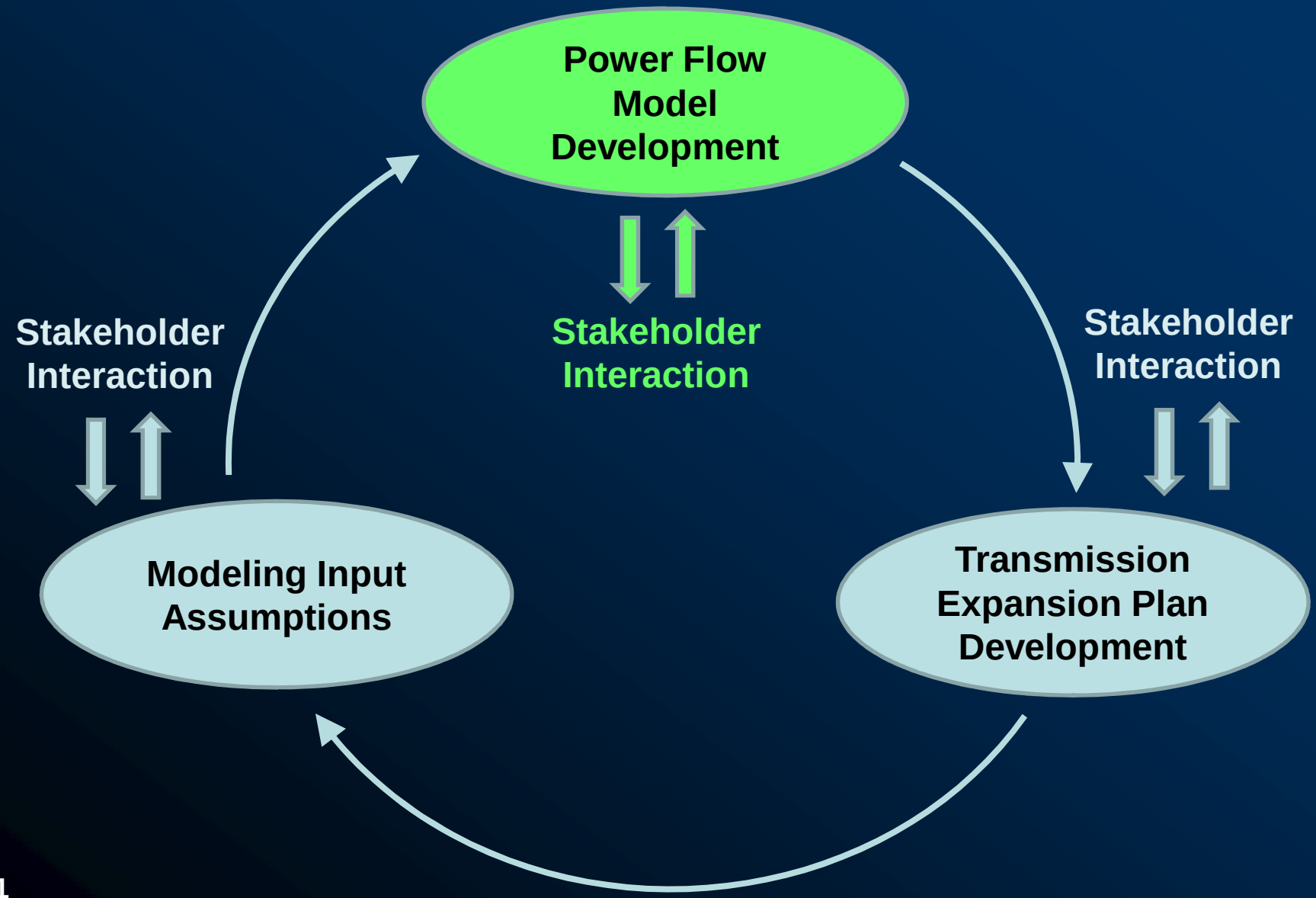
Interactive Training



Interactive Training

Power Flow Model Development

- Generation = Load + Losses + Interchange
- Transmission Topology
- Eastern Interconnect Model Development

POWER FLOW MODEL DEVELOPMENT

- Generation = Load + Losses + Interchange
- Transmission Topology
- Eastern Interconnect Model Development

POWER FLOW MODEL DEVELOPMENT

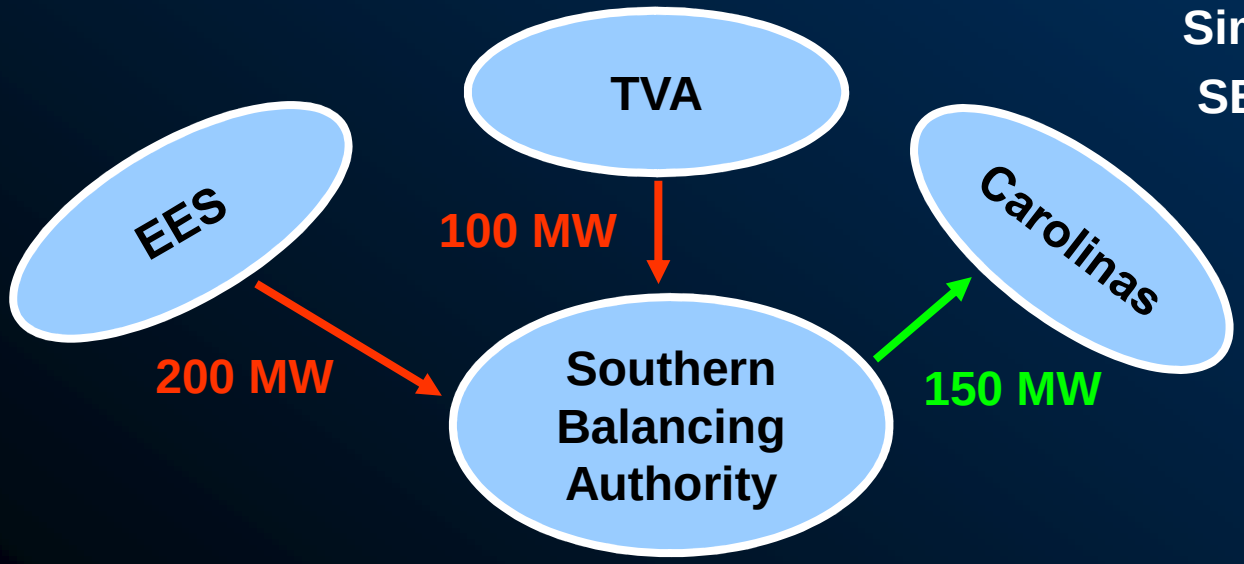
- Generation = Load + Losses + Interchange
  - The model includes:
    - The **Projected Load** for each year and season
    - The **Losses** produced in serving that load (produced from transmission line & transformer impedances)
    - The **Area Interchange** of long-term firm commitments across the interface
    - The **Generation** needed to balance all of the above
    - The **Current Transmission System Topology & Expansion Plan**

POWER FLOW MODEL DEVELOPMENT

- Generation = Load + Losses + Interchange
  - Load Models
    - Forecasted MW & MVAR amounts for each season (Summer, Winter, Spring, Fall)
    - Individual loads modeled at each bus

POWER FLOW MODEL DEVELOPMENT

- Generation = Load + Losses + Interchange
  - Area Interchange
    - The net total of all transactions leaving or entering a balancing authority
    - Long-Term Firm Commitments Only



Simplified Example:

SBA Interchange =

150 – 100 – 200

= -150

POWER FLOW MODEL DEVELOPMENT

- Generation = Load + Losses + Interchange
  - Generation Models
    - Voltage Schedule
    - Real Power Capabilities (MOD – 24)
    - Reactive Power Capabilities (MOD – 25)

POWER FLOW MODEL DEVELOPMENT

- Generation = Load + Losses + Interchange
- Transmission Topology
- Eastern Interconnect Model Development

POWER FLOW MODEL DEVELOPMENT

- Transmission Topology
  - Models include existing transmission topology and the latest ten year transmission expansion plan
  - What parameters are modeled?
    - Transmission Lines & Substations
      - » Impedances & Ratings
    - Transformers
      - » Impedances & Ratings
    - Switched Shunts (Capacitors/Reactors)
      - » Voltage Set Points, Number of Steps, MVARs/Step

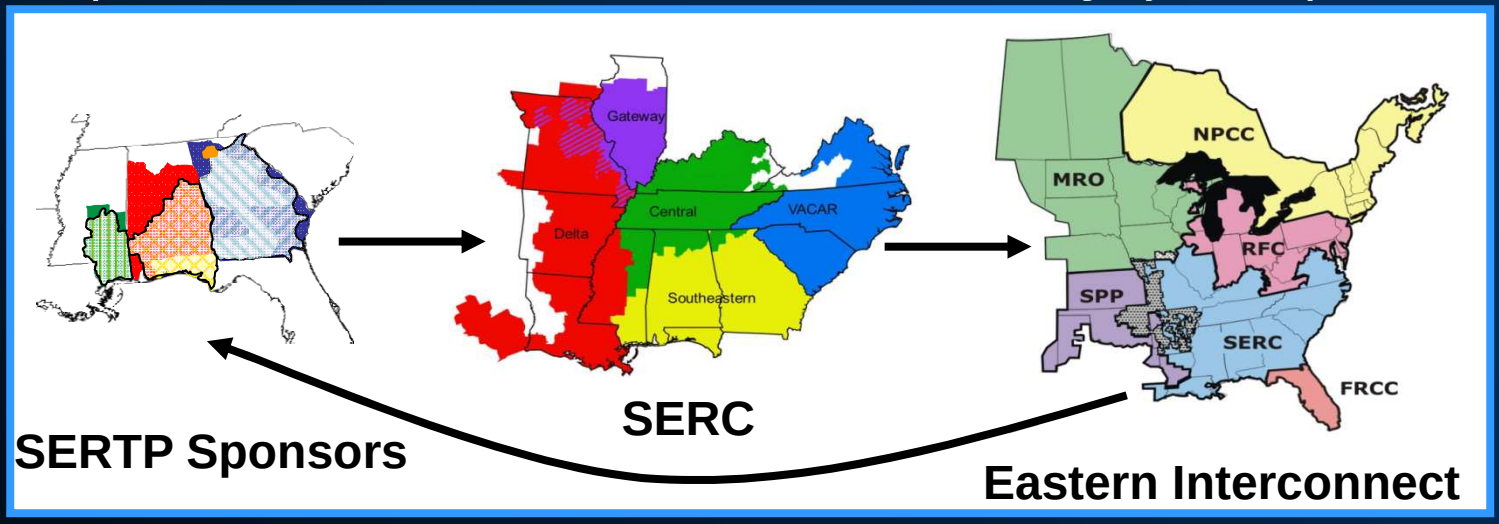
POWER FLOW MODEL DEVELOPMENT

- Generation = Load + Losses + Interchange
- Transmission Topology
- Eastern Interconnect Model Development

POWER FLOW MODEL DEVELOPMENT

❖ Eastern Interconnect Model Development

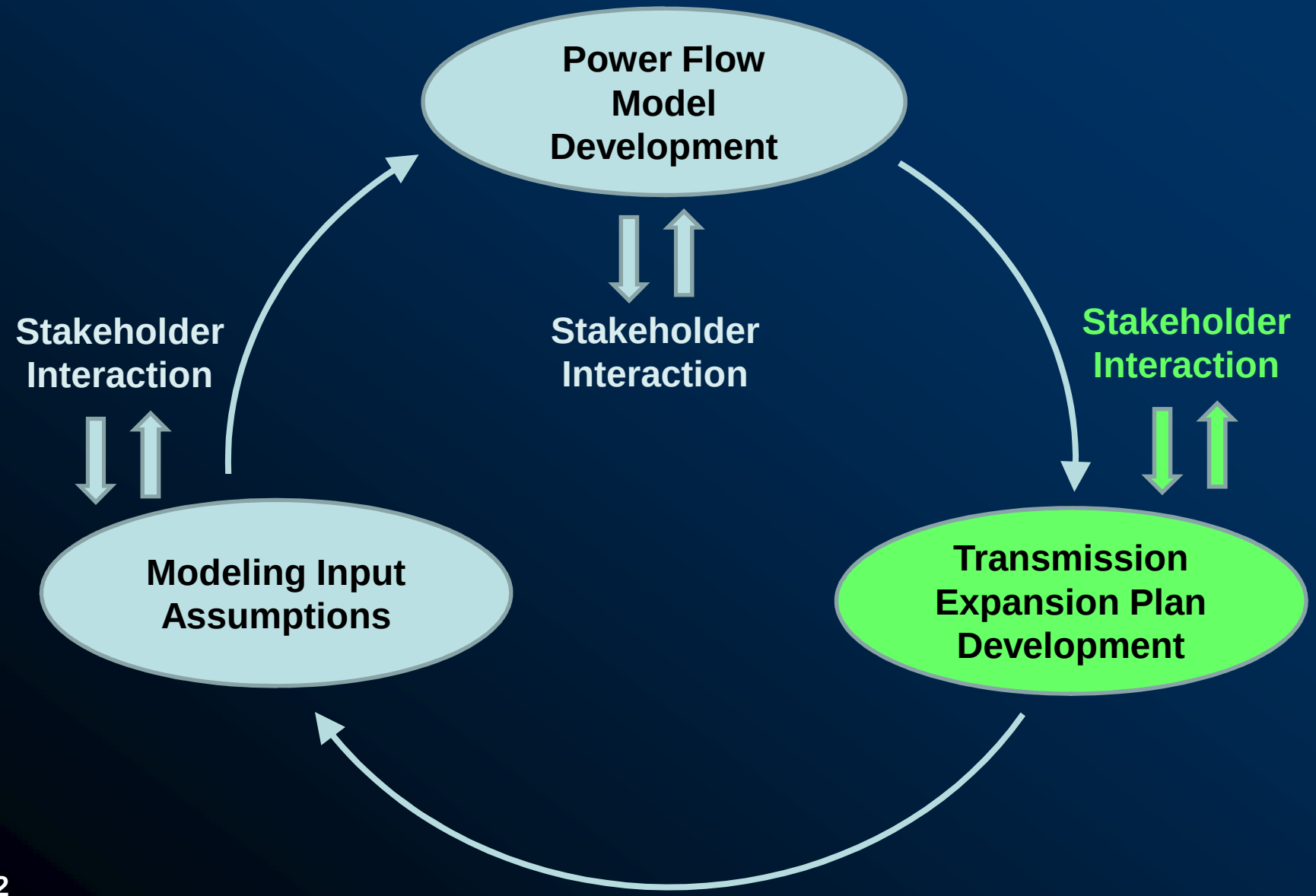
- The Eastern Interconnect model, incorporated into the SERTP Sponsor model, is derived from the following cyclical process:



- Coordination includes transfers (interchange), tie lines, voltage schedules, model numbers (areas, bus, owner, etc.)

Southeastern Regional TRANSMISSION PLANNING

Interactive Training



Interactive Training

Transmission Expansion Plan

- SERTP Sponsor Evaluation
- Long-term Reliability Assessment
  - Performed by SERC Members
- Interregional Joint Studies
- Transmission Expansion Plan – Timeline

TRANSMISSION EXPANSION PLAN

- SERTP Sponsor Evaluation
- Long-term Reliability Assessment
  - Performed by SERC Members
- Interregional Joint Studies
- Transmission Expansion Plan – Timeline

TRANSMISSION EXPANSION PLAN

❖ SERTP Sponsor Evaluation

- SERTP Sponsors utilize the latest power flow models to:
  - Assess the need for any new projects
  - Re-evaluate the timing and need of existing projects
- Each SERTP Sponsor utilizes their individual planning criteria to perform the evaluation described above.
  - Planning Criteria is similar for all SERTP Sponsors
    - » Meet or exceed NERC TPL Standards
    - » Available on the SERTP website
- The expansion planning process is an on-going process that is continually updated to reflect changes in forecast assumptions

TRANSMISSION EXPANSION PLAN

- SERTP Sponsor Evaluation
  - Which types of analyses are performed?
    - Power Flow Analysis
      - » Thermal and Voltage Analyses
    - Other Types of Analysis
      - » Stability Studies
      - » Interface Screens
      - » Short Circuit Analysis
      - » FSAR (Final Safety Analysis Report)
      - » Joint Analysis with SERTP Sponsors and Adjacent Regions
    - Commonly Used Software Tools
      - » PSS\E, MUST, VSAT, TRELSS, CAPE

TRANSMISSION EXPANSION PLAN

- SERTP Sponsor Evaluation
  - Which types of analyses are performed? (cont.)
    - Additional Studies (as appropriate)
      - » Multiple unit and voltage levels at plants
      - » Breaker failure/bus differential scenarios
      - » Loss of common tower or ROW outages
      - » Low probability, high consequence scenarios
      - » Valley, Winter, and Hot Weather conditions
      - » Below 93% of forecasted peak with loss of multiple units and/or transmission elements

TRANSMISSION EXPANSION PLAN

- SERTP Sponsor Evaluation
- Long-term Reliability Assessment
  - Performed by SERC Members
- Interregional Joint Studies
- Transmission Expansion Plan – Timeline

TRANSMISSION EXPANSION PLAN

- Long-Term Reliability Assessment
  - SERC Members perform assessments on the SERC-wide power flow models
  - Purposes of the Long-Term Reliability Assessment:
    - » Consistency in models and data among SERC Members
    - » Assist in assessing the simultaneous feasibility of the SERC Members' expansion plans
    - » Assist in assessing the need for additional inter-regional joint studies, by evaluating:
      - Facilities with decreasing incremental transfer capability
      - Shared SERC Member transmission expansions plans

TRANSMISSION EXPANSION PLAN

- SERTP Sponsor Evaluation
- Long-term Reliability Assessment
  - Performed by SERC Members
- Interregional Joint Studies
- Transmission Expansion Plan – Timeline

TRANSMISSION EXPANSION PLAN

- Interregional Joint Studies
  - Generally, interregional (ad hoc) joint studies are initiated as a result of planning criteria concerns identified through one of the following:
    - » Transmission Expansion Planning Process
    - » Long-term Reliability Assessments by SERC Members
  - The purposes of an interregional joint study are to:
    - » Assess the performance of the existing transmission expansion plan
    - » Determine if modifications to the plan are necessary

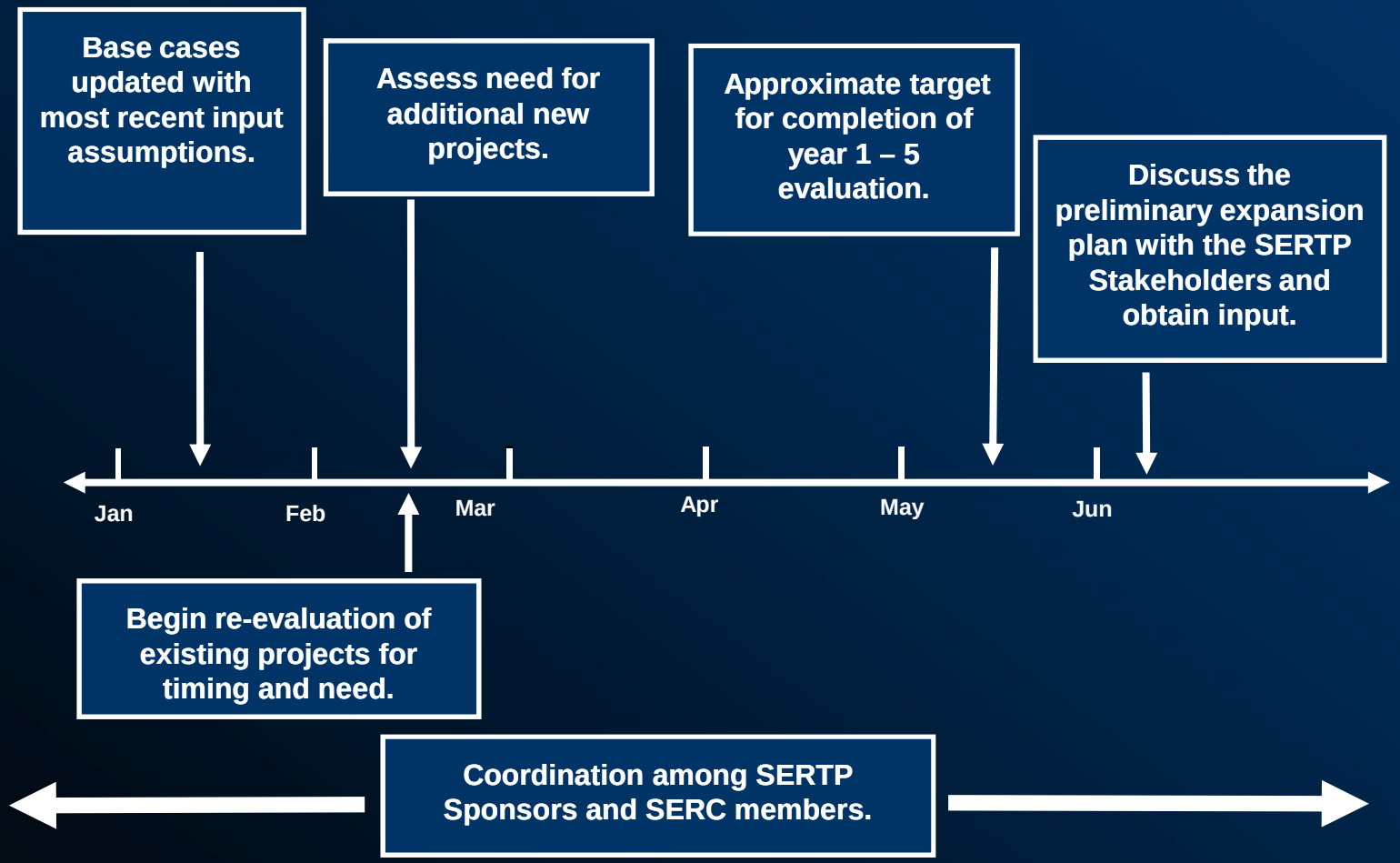
TRANSMISSION EXPANSION PLAN

- SERTP Sponsor Evaluation
- Long-term Reliability Assessment
  - Performed by SERC Members
- Interregional Joint Studies
- Transmission Expansion Plan – Timeline

Southeastern Regional TRANSMISSION PLANNING

Interactive Training

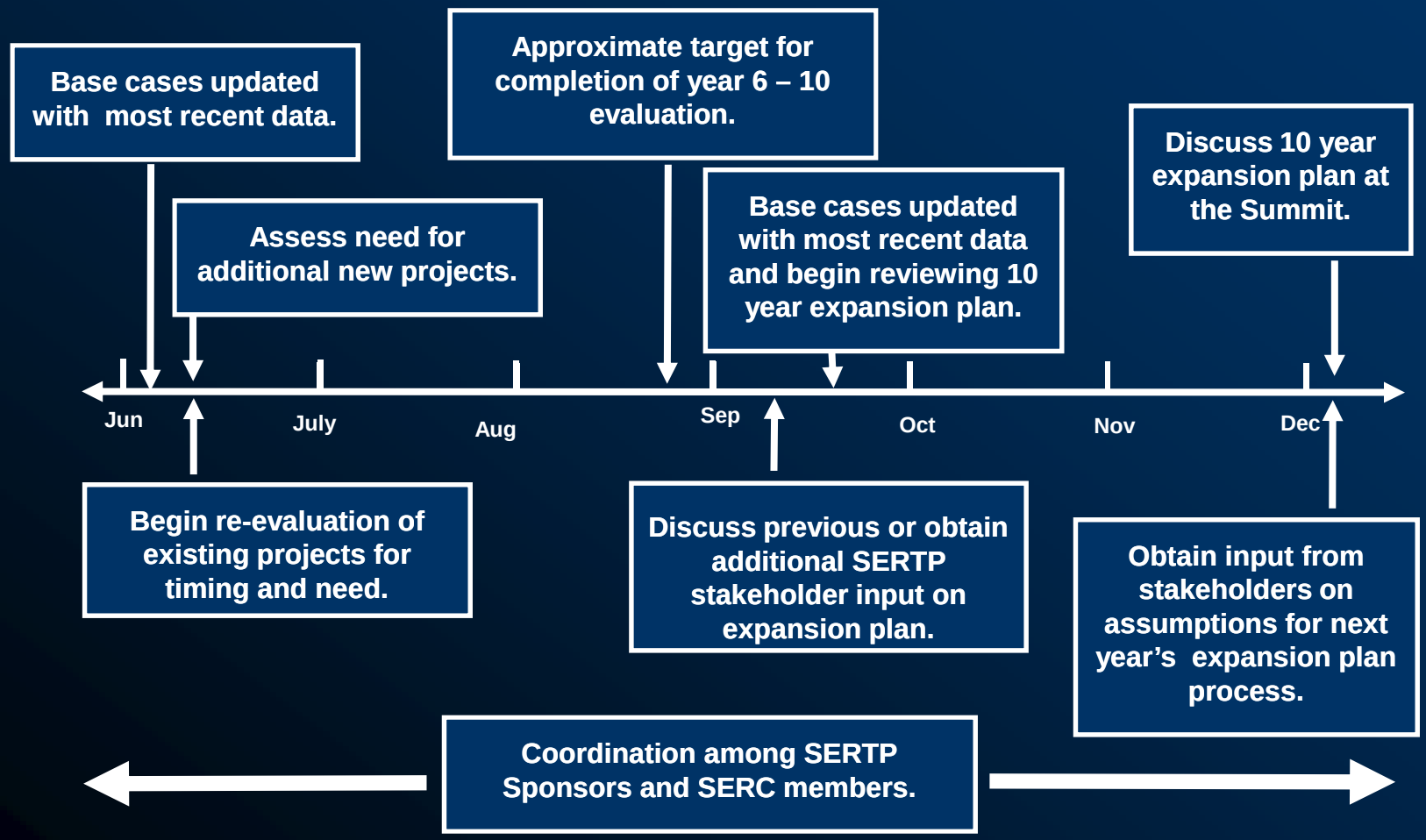
Approximate Time Line for Area Planning (Years 1 – 5)



Southeastern Regional TRANSMISSION PLANNING

Interactive Training

Approximate Time Line for Area Planning (Years 6 – 10)



Interactive Training

Questions?

FERC Order 1000 Regional Requirements

Southeastern Regional TRANSMISSION PLANNING

ORDER 1000

- On July 21, 2011, FERC issued Order 1000 on "Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities"
- The effective date of the Order is October 11, 2011
- Each public utility transmission provider must submit a compliance filing by October 11, 2012
  - A compliance filing for the requirements set forth with respect to interregional transmission coordination procedures and an interregional cost allocation method or methods must be submitted by April 11, 2013

Southeastern Regional TRANSMISSION PLANNING

Order 1000 Implementation Process & Timeline

- The "Interim Meetings" shown are tentative. The actual meeting frequency will be dependent on need and stakeholder feedback.

SERTP 1st Qtr Mtg:
- Discuss Order 1000 requirements
- Share "strawman" for discussion purposes

SERTP 2nd Qtr Mtg:
- Continue to discuss Order 1000 requirements
- Discuss and revise latest proposal

SERTP 3rd Qtr Mtg:
- Review Order 1000 Final Proposal
- Share interregional "strawman" for discussion purposes

2012

Interim Meeting:
- Conference Call and/or Face-to-Face
- Discuss "strawman" revisions
- Discuss requirements and resulting additions to "strawman"

Interim Meeting:
- Conference Call and/or Face-to-Face
- Discuss latest "strawman"

Interim Meeting:
- Conference Call and/or Face-to-Face
- Discuss latest proposal

October 11th, 2012:
- Compliance Filing on Regional Requirements

Southeastern Regional TRANSMISSION PLANNING

Order 1000 Implementation Process & Timeline

- The "Interim Meetings" shown are tentative. The actual meeting frequency will be dependent on need and stakeholder feedback.

SERTP 4th Qtr Mtg:

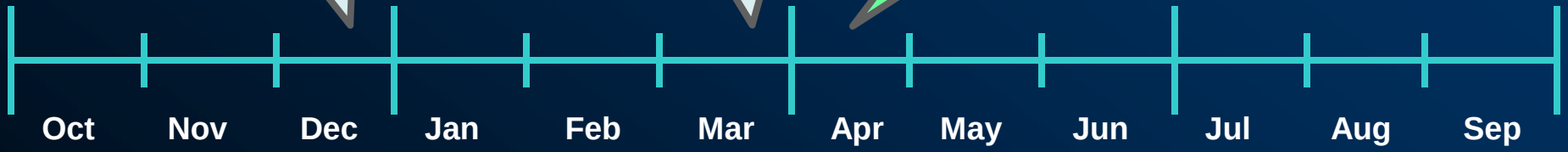
- Discuss latest proposal

SERTP 1st Qtr Mtg:

- Review Order 1000 Final Proposal with respect to interregional requirements

April 11th, 2013:

- Compliance Filing on Interregional Requirements



Interim Meeting:

- Conference Call and/or Face-to-Face
- Discuss requirements and resulting additions to "strawman"
- Discuss "strawman" revisions

Interim Meeting:

- Conference Call and/or Face-to-Face
- Discuss latest proposal

Southeastern Regional TRANSMISSION PLANNING

ORDER 1000

- Order 1000 – Implementation Process & Timeline
  - "Strawmen"/Proposals associated with the Order 1000 requirements will be made available to stakeholders prior to all SERTP meetings (including ad hoc meetings)
  - Stakeholders can submit questions or comments at anytime throughout the process
    - www.southeasternrtp.com/contactus.asp
    - In-person / Conference-call meetings

Southeastern Regional
TRANSMISSION PLANNING

FERC Order 1000
Regional Requirements
"Preliminary Strawman Discussion"

March 14, 2012

Regional Requirements – Order 1000

- Produce a regional plan
- Develop procedures by which transmission providers identify and evaluate solutions that may meet the region's needs more efficiently and cost-effectively
- Develop a method for allocating costs of those facilities that have been selected in the regional plan for purposes of cost allocation
- Determine which information/data is necessary for merchant developers to provide transmission providers in order to allow transmission providers to assess the reliability and operational impacts of proposed facilities
- Develop procedures to identify those transmission needs driven by public policy requirements, for which potential transmission solutions will be evaluated.

Regional Requirements – Order 1000

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- Develop procedures to identify those transmission needs driven by public policy requirements, for which potential transmission solutions will be evaluated.

Produce a Regional Plan

- The region, for purposes of regional transmission planning and the development of a regional plan in accordance with Order 1000, is the region served by the SERTP Sponsors:
  - Dalton
  - GTC
  - MEAG
  - PowerSouth
  - SMEPA
  - Southern

ORDER 1000

Develop procedures by which TPs identify and evaluate solutions that may meet a region's needs more efficiently and cost-effectively

- Order 1000 Requirements:
  - **P149:** " We provide public utility transmission providers in each transmission planning region the flexibility to develop, in consultation with stakeholders, procedures by which the public utility transmission providers in the region identify and evaluate the set of potential solutions that may meet the region's needs more efficiently or cost-effectively."

ORDER 1000

Develop procedures by which TPs identify and evaluate solutions that may meet a region's needs more efficiently and cost-effectively

i. Sponsors identify and evaluate potential transmission projects that may meet the region's needs more efficiently and cost-effectively.

ii. Potential regional transmission alternatives proposed by SERTP Stakeholders will be considered for evaluation.

iii. Potential regional transmission solutions proposed by non-incumbent transmission developers will be considered for evaluation, and if selected, considered for the purposes of regional cost allocation.

Southeastern Regional TRANSMISSION PLANNING

ORDER 1000

Develop procedures by which TPs identify and evaluate solutions that may meet a region's needs more efficiently and cost-effectively

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Southeastern Regional TRANSMISSION PLANNING

ORDER 1000

i. Sponsors identify and evaluate potential transmission projects that may meet the region's needs more efficiently and cost-effectively.

- SERTP Sponsors coordinate with one another throughout the expansion planning process to identify efficient and cost-effective solutions.

- SERTP Sponsors will clearly delineate potential regional transmission solutions that are being evaluated.

ORDER 1000

Develop procedures by which TPs identify and evaluate solutions that may meet a region's needs more efficiently and cost-effectively

i. Sponsors identify and evaluate potential transmission projects that may meet the region's needs more efficiently and cost-effectively.

ii. Potential regional transmission alternatives proposed by SERTP Stakeholders will be considered for evaluation.

iii. Potential regional transmission solutions proposed by non-incumbent transmission developers will be considered for evaluation, and if selected, considered for the purposes of regional cost allocation.

ORDER 1000

ii. Potential regional transmission alternatives proposed by SERTP Stakeholders

- Any Stakeholder will be allowed to submit regional transmission alternatives that may be more efficient and cost-effective than those projects in the latest transmission expansion plan.
  - » In accordance with existing Order No. 890 requirements
- Regional transmission alternatives will be evaluated in conjunction with those potential regional transmission solutions identified by the SERTP Sponsors in (i).

ORDER 1000

Develop procedures by which TPs identify and evaluate solutions that may meet a region's needs more efficiently and cost-effectively

i. Sponsors identify and evaluate potential transmission projects that may meet the region's needs more efficiently and cost-effectively.

ii. Potential regional transmission alternatives proposed by SERTP Stakeholders will be considered for evaluation.

iii. Potential regional transmission solutions proposed by non-incumbent transmission developers will be considered for evaluation, and if selected, considered for the purposes of regional cost allocation.

ORDER 1000

iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation

- Order 1000 Requirements
  - » **P328:** "The 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 plan for purposes of cost allocation."
  - » **P558:** "We require that a public utility transmission provider have in place a method, or set of methods, for allocating costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation."
- Establish a regional cost allocation method that follows the six regional cost allocation principles in Order No. 1000

ORDER 1000

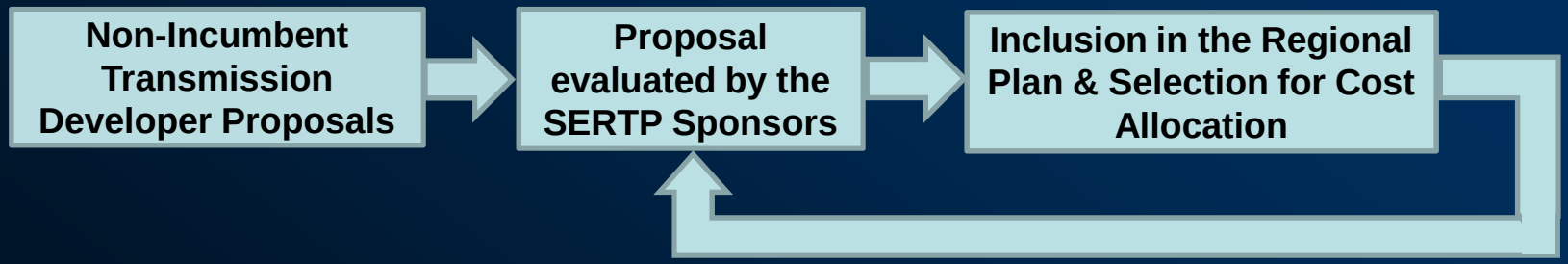
Six Regional Cost Allocation Principles

1) The cost of transmission facilities allocated in a way that is roughly commensurate with benefits.
2) No involuntary allocation of costs to those who receive no benefits.
3) Benefit to Cost threshold, if used to determine if facilities have sufficient net benefits to be selected for regional cost allocation, cannot exceed 1.25.
4) The cost allocation method cannot allocate costs to entity's outside the region, unless that entity voluntarily agrees to assume cost.
5) The cost allocation method and data requirements for determining benefits and identifying beneficiaries must be transparent.
6) A region may have different cost allocation methods for different types of facilities. Each cost allocation method must be clearly set out and explained.

ORDER 1000

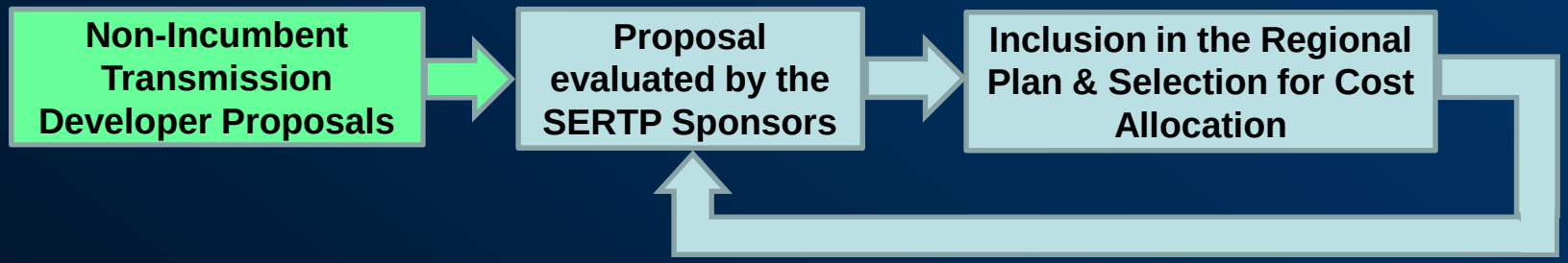
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation

Regional Cost Allocation Method Flowchart



ORDER 1000

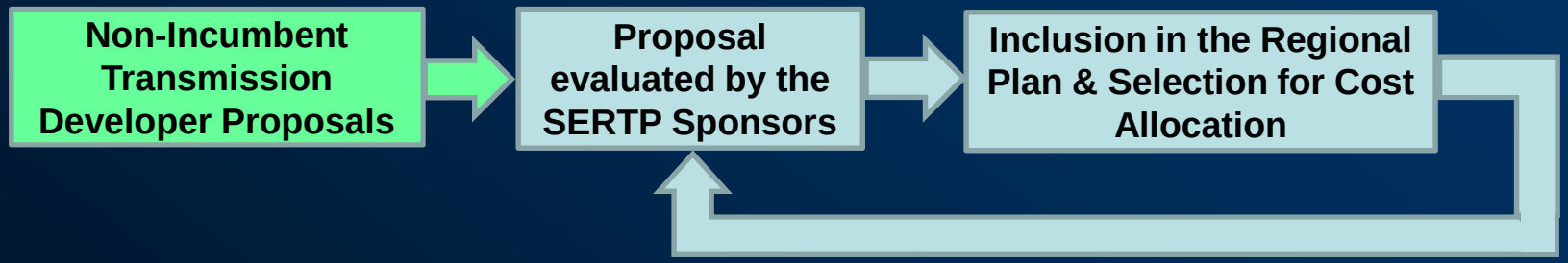
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- Non-Incumbent Transmission Developer Qualification Criteria
- Proposed Transmission Project Eligibility Criteria
- Supporting Documentation
  - Project Description
  - Capital Cost Estimate
  - Technical Analysis
  - Data/Files to Evaluate Proposal

ORDER 1000

iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- Non-Incumbent Transmission Developer Qualification Criteria
- Proposed Transmission Project Eligibility Criteria
- Supporting Documentation
  - Project Description
  - Capital Cost Estimate
  - Technical Analysis
  - Data/Files to Evaluate Proposal

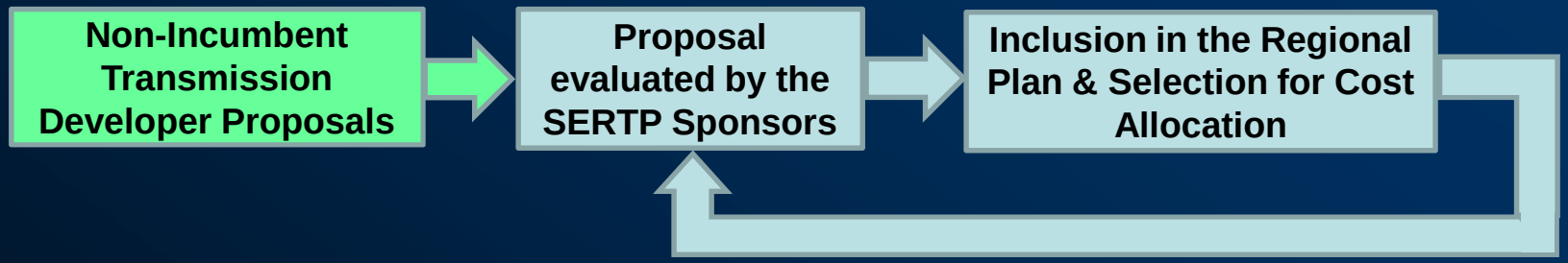
ORDER 1000

iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation

- Qualification Criteria to Submit a Transmission Project Proposal for Selection in the Regional Transmission Plan for Purposes of Cost Allocation
  - » Demonstrate the necessary financial capability and technical expertise to develop, construct, own, operate and maintain transmission facilities.
  - » Demonstrate the ability to satisfy all applicable regulatory requirements to:
    - Acquire all necessary rights of way, and
    - Construct, operate, and maintain the proposed facilities in the associated jurisdictions

ORDER 1000

iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- Non-Incumbent Transmission Developer Qualification Criteria
- Proposed Transmission Project Eligibility Criteria
- Supporting Documentation
  - Project Description
  - Capital Cost Estimate
  - Technical Analysis
  - Data/Files to Evaluate Proposal

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iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation

- The project must meet the following criteria to be considered for selection in the regional expansion plan for the purposes of cost allocation:
  - » Regional in nature
    - Operating voltage of 300 kV or above
    - Spans 100 miles or more
  - » Green-field project
  - » Materially different than those projects previously considered in the expansion planning process
  - » Able to be constructed and tied into the network by the recommended in-service date

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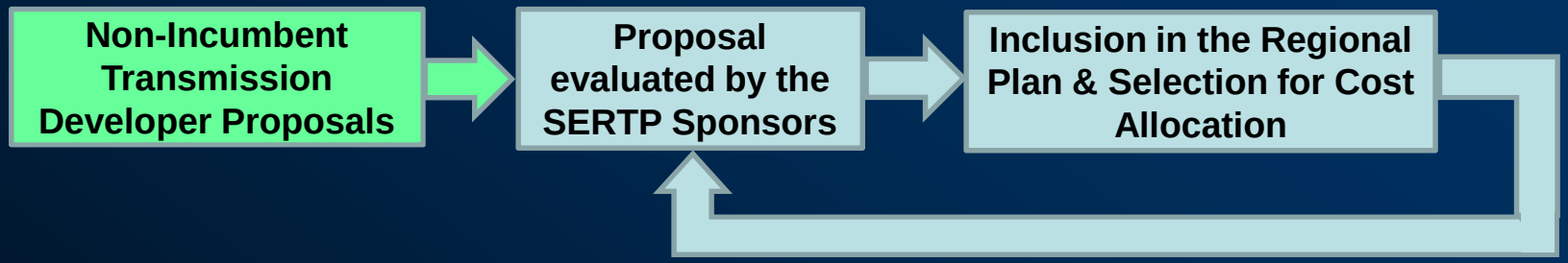
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



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  - Project Description
  - Capital Cost Estimate
  - Technical Analysis
  - Data/Files to Evaluate Proposal

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iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation

- Project Description
  - » Should detail the complete scope of the proposed transmission project including various stages such as:
    - Right of Way Acquisition
    - Engineering
    - Construction
    - Recommended In-Service Date

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iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation

- Capital Cost Estimate
  - » Provide a capital cost estimate of the proposed transmission project
  - » If the cost estimate differs greatly from generally accepted estimates of projects of comparable scope, the non-incumbent transmission developer will be required to support such discrepancies
    - **Ex:** If the non-incumbent TD's estimate of $/mile for transmission construction differs significantly from the experience of the SERTP Sponsors

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iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation

- Technical Analysis
  - » Documentation of the technical analysis performed by the non-incumbent TD that identifies:
    - **Transmission projects** in the latest transmission expansion plans **that may be displaced** as a result of the proposal
    - **Additional transmission projects that may be required** due to the proposal

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iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation

- Data/Files to Evaluate Proposal
  - » The non-incumbent TD will need to provide any data/files necessary to allow SERTP Sponsors to evaluate the proposal.

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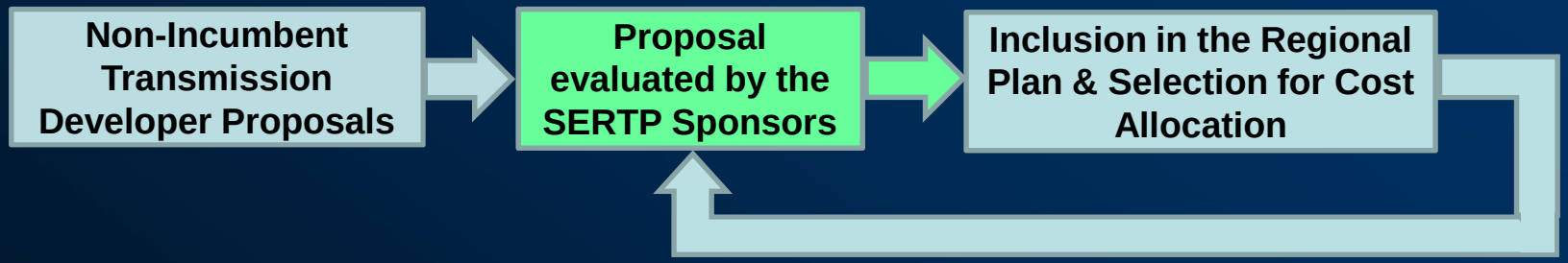
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- The SERTP Sponsors will evaluate proposed regional transmission solutions during the expansion planning process:
  - Utilizing coordinated models and assumptions
  - Applying individual planning guidelines and criteria
  - In conjunction with other potential regional transmission solutions identified by SERTP Sponsors and/or Stakeholders

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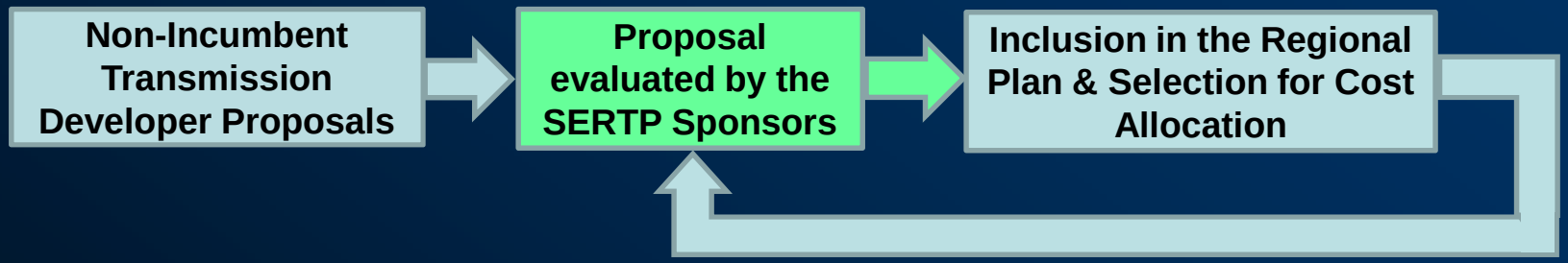
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- The SERTP Sponsors will evaluate proposed regional transmission solutions to determine:
  - Does the proposal address transmission needs that are currently being addressed with projects in the latest transmission expansion plans?
    - Which transmission projects could be displaced due to the proposal?
  - Does the proposal cause the need for any additional transmission projects?

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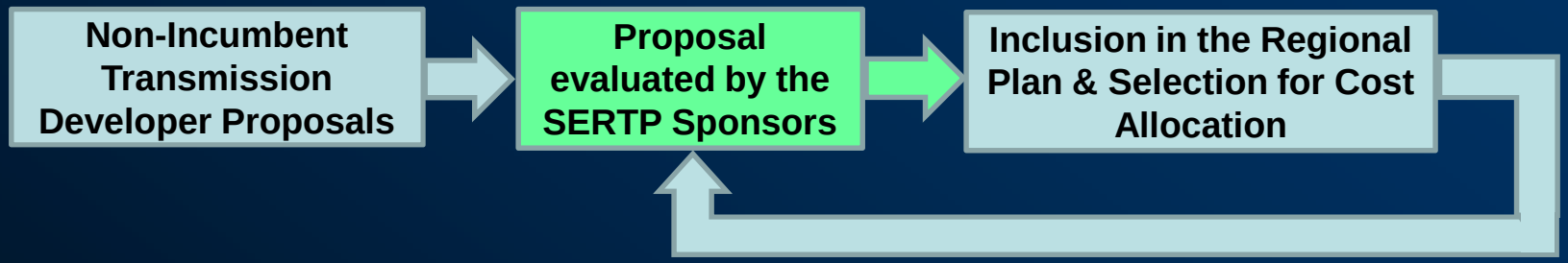
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- Based on the previous evaluation, SERTP Sponsors will determine whether the proposed project is more efficient and cost-effective for the region:
  - The non-incumbent TD will provide the SERTP Sponsors with the financial terms associated with the proposed project
  - The inclusion of the proposed project must yield a regional benefit to cost ratio of at least 1.25 and not adversely impact an individual Sponsor.

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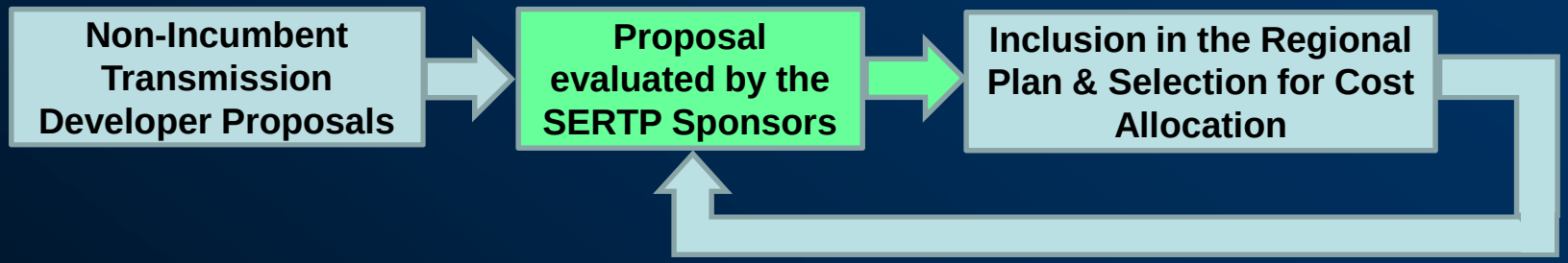
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- Regional Benefit to Cost Ratio of at least 1.25:
  - » Benefit: Transmission cost of the displaced projects in the latest expansion plans
  - » Cost: Transmission cost of the proposed regional project plus any additional projects required.

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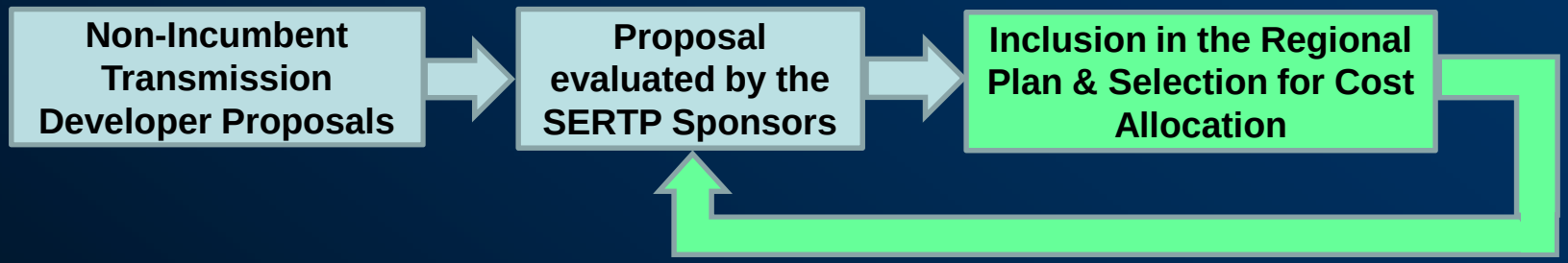
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- The proposed regional transmission project would be included in the Order 1000 Regional Transmission Plan and be eligible for cost allocation, if the proposal:
  - Is determined to be more efficient and cost effective than projects in the latest transmission expansion plans,
  - Continues to remain more efficient and cost effective as assessed in subsequent expansion planning processes that reflect ongoing changes in forecast conditions, and
  - Is approved by the Sponsors whose transmission expansion plans would be altered with the inclusion of the proposal and their relevant jurisdictional and/or governance authorities.

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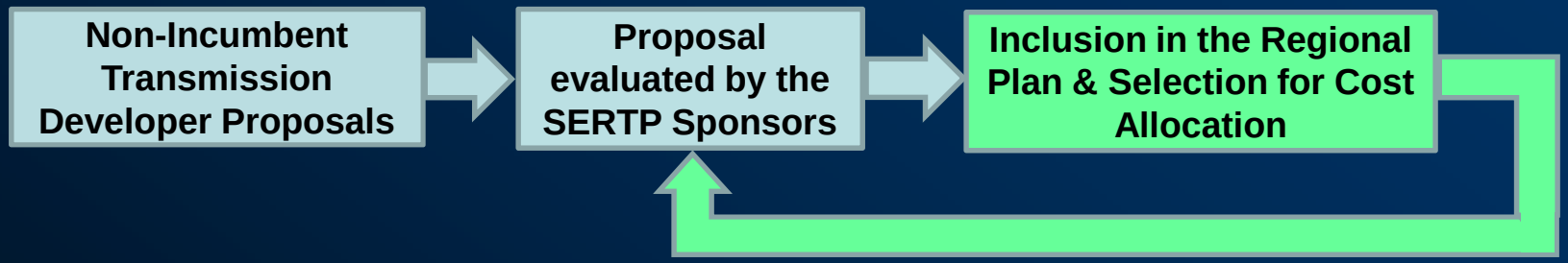
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- Necessary Jurisdictional and/or Governance Approvals:
  - » **Dalton:** Board of Commissioners
  - » **GTC:** Rural Utility Services (as applicable) and Board of Directors
  - » **MEAG:** Board of Directors
  - » **PowerSouth:** Rural Utility Services (as applicable) and Board of Directors
  - » **SMEPA:** Board of Directors
  - » **Southern Company:** State Public Service Commissions with purview over the impacted facilities and affected retail rates

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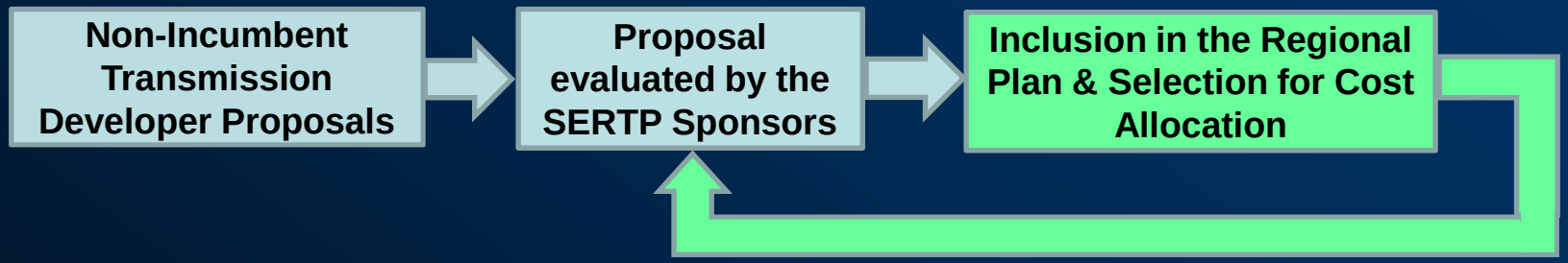
iii. Potential solutions proposed by non-incumbent transmission developers for the purposes of regional cost allocation



- If a regional transmission project in the Order 1000 Regional Transmission Plan has met all of the criteria described, the SERTP Sponsors will be allocated costs in proportion to their displaced transmission costs.

Questions / Comments?

❖Next Meeting Activities

- 2012 SERTP 2nd Quarter Meeting
  - ➢Location: TBD
  - ➢Date: June 2012
  - ➢Purpose:
    - Discuss preliminary 10 year expansion plan
    - Obtain stakeholder input and feedback regarding the plan
    - Continue Order 1000 Discussions

❖Next Meeting Activities

- Interim Meeting(s) – Order 1000
  - ➢Location: Phone / Web Conference?
  - ➢Date: Early May 2012?
  - ➢Purpose:
    - Discuss “Strawman” Revisions
    - Discuss Regional Requirements and any “Strawman” additions

Questions?