

Southeastern Regional Transmission Planning (SERTP)

Interregional Transmission Planning Coordination Between the SERTP and SPP Regions



Duke Energy Carolinas LLC and Duke Energy Progress, Inc. (“Duke”); Kentucky Utilities Company and Louisville Gas and Electric Company (“LG&E/KU”); and Southern Company Services, Inc. (“Southern”) constitute the three FERC-jurisdictional sponsors of the SERTP (“Jurisdictional SERTP Sponsors”). In accordance with Order No. 1000, they each have amended their respective open access transmission tariffs (“OATTs”) to adopt common tariff language to implement Order No. 1000’s interregional transmission planning and cost allocation requirements that apply to each of the SERTP’s seams with neighboring transmission planning regions. While the Jurisdictional Sponsors have all adopted common OATT language that is substantively the same for each of the SERTP’s interregional seams, the implementing OATT language for the Jurisdictional Sponsors is not absolutely identical as they reflect slight variations in terminology used in the corresponding OATTs. For example, Southern uses the term “Transmission Provider” to refer to themselves while LG&E/KU use the term “Transmission Owner.”

The following provides the Jurisdictional SERTP Sponsors’ OATT provisions for implementing the Order 1000 interregional requirements for the SERTP’s seam with the SPP Region. While substantively the same, the following first provides Duke’s implementing OATT language followed by that for LG&E/KU and then Southern. The latest OATT language for each of the Jurisdictional Sponsors is available on their respective [OASIS sites](#).

Duke Energy Carolinas LLC and Duke Energy Progress, Inc.

Attachment N-1-SPP

Interregional Transmission Coordination Between the SERTP and SPP

ATTACHMENT N-1 - SPP

Interregional Transmission Coordination Between the SERTP and SPP

The Duke Transmission Provider, through its regional transmission planning process, coordinates with the public utility transmission providers in the Southwest Power Pool region ("SPP") to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between public utility transmission providers in the SERTP and SPP (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Attachment N-1 - SPP with additional materials provided on the Regional Planning website.

The Duke Transmission Provider ensures that the following requirements are included in the interregional transmission coordination procedures described in this Attachment N-1 - SPP:

- (1) A commitment to coordinate and share the results of the SERTP and SPP regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so;
- (2) A formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions;
- (3) A duty to exchange, at least annually, planning data and information; and

- (4) A commitment to maintain a website or e-mail list for the communication of information related to the coordinated planning process.

The Duke Transmission Provider has worked with SPP to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation method satisfies the six interregional cost allocation principles set forth in Order No. 1000 and are included in this Attachment N-1 - SPP.

For purposes of this Attachment N-1 - SPP, the SERTP's regional transmission planning process is the process described in Attachment N-1 of this Tariff; SPP's regional transmission planning process is the process described in Section VIII of Attachment O of SPP's OATT. References to the respective regional transmission planning processes in this Attachment N-1 - SPP are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Attachment N-1 - SPP refer to Sections within this Attachment N-1 - SPP.

INTERREGIONAL TRANSMISSION PLANNING

1. Coordination

1.1 Annual Coordination: Representatives of the SERTP and SPP will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SERTP and SPP may meet more frequently to coordinate the evaluation of interregional transmission project(s).

1.2 Data Exchange

1.2.1 Annual Data Exchange: At least annually, the Duke Transmission Provider and SPP shall exchange power-flow models and associated data

used in the regional transmission planning processes to develop their respective then-current regional transmission plan(s). The Duke Transmission Provider shall designate a representative for its region and SPP shall designate a representative for the SPP region to facilitate the annual data exchange. The data exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter. Additional transmission-based models and data used in the development of the respective regional transmission plans will be exchanged between the Duke Transmission Provider and SPP if requested. Data exchanged between the Duke Transmission Provider and SPP under this Section 1.2.1 shall be posted on the pertinent regional transmission planning websites consistent with the posting requirements of the respective regional transmission planning processes and is generally considered CEII.

1.2.2 Exchange of Regional Transmission Plans: The Duke Transmission Provider's regional transmission plan(s) will be posted on the Regional Planning website pursuant to the Duke Transmission Provider's regional transmission planning process. The Duke Transmission Provider will also notify the SPP representative of such posting so it may retrieve the transmission plan(s). SPP will exchange the then-current SPP regional transmission plan(s) in a similar manner according to its regional transmission planning process.

1.2.3 Confidentiality: Any CEII and Confidential Non-CEII data exchanged pursuant to this Attachment N-1 - SPP shall be subject to appropriate CEII and Confidential Non-CEII treatment.

1.3. Joint Evaluation

1.3.1 Identification of Interregional Transmission Projects: At least biennially, the Duke Transmission Provider will review the then-current regional transmission plan of SPP and SPP will review the Duke Transmission Provider's then-current regional transmission plan. Such plans include the transmission needs of each region as prescribed by each region's planning process. This review shall occur on a mutually agreeable schedule, taking into account each region's regional transmission planning processes timetable. If through this review, the Duke Transmission Provider and SPP identify a potential interregional transmission project that could be more efficient or cost effective than transmission projects included in the respective regional transmission plans, the Duke Transmission Provider and SPP will jointly evaluate the potential transmission project pursuant to Section 1.3.4.

1.3.2 Identification of Interregional Transmission Projects by Stakeholders: Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Duke Transmission Provider's and/or SPP's regional transmission plans pursuant to the procedures in each region's regional transmission planning processes. The Duke Transmission Provider and SPP will evaluate

interregional transmission projects proposed by stakeholders pursuant to Section 1.3.4.

1.3.3 Identification of Interregional Transmission Projects by Developers:

Interregional transmission projects proposed for purposes of potential interregional cost allocation must be submitted in both the SERTP and SPP regional transmission planning processes and satisfy the requirements of Section 2.1. The submittal must identify the potential transmission project as interregional in scope and identify that such project will interconnect between the SERTP and SPP regions. The Duke Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Duke Transmission Provider will notify SPP. Once the potential interregional transmission project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Duke Transmission Provider and SPP will jointly evaluate the proposed interregional transmission projects pursuant to Sections 1.3.4.

1.3.4 Evaluation of Interregional Transmission Projects:

1.3.4.1 Joint Evaluation of Interregional Transmission Projects: The Duke Transmission Provider and SPP shall act through their respective

regional transmission planning processes to evaluate potential interregional transmission projects and to determine whether the inclusion of any potential interregional transmission projects in each region's regional transmission plan would be more efficient or cost-effective than transmission projects included in the respective then-current regional transmission plans. Initial coordination activities to facilitate such analysis will typically begin during the third calendar quarter. Such analysis shall be consistent with accepted planning practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). The Duke Transmission Provider will evaluate potential interregional transmission projects consistent with Section 4, 5 and Section 20 of Attachment N-1. To the extent possible, and as needed, information will be coordinated between the Duke Transmission Provider and SPP, including, but not limited to:

- Planning horizons;
- Expected timelines/milestones associated with the joint evaluation;
- Study assumptions and data;
- Models; and
- Criteria.

The Duke Transmission Provider and SPP will exchange status updates for new interregional transmission project proposals or proposals currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region's evaluation of the

proposal; (ii) the anticipated timeline for future assessments; and (iii) reevaluations related to the proposal.

1.3.4.2 Determination of Regional Benefit(s) for Interregional Cost

Allocation Purposes: The Duke Transmission Provider and SPP shall evaluate the proposed interregional transmission project that meets the criteria of Section 2 for interregional cost allocation within the respective regions as follows:

- A. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed interregional transmission project(s) provides Regional Benefits to its respective region. For purposes of this Attachment N-1, "Regional Benefit" shall mean the calculation described in Section 1.3.4.2.B.
- B. Based upon the evaluation made pursuant to 1.3.4.2.A, each region will quantify a Regional Benefit based upon (i) for the Duke Transmission Provider, the Duke Transmission Provider shall calculate the total avoided costs of transmission projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included; and (ii) for SPP, SPP shall calculate the total avoided costs of regional transmission projects that would be displaced if the proposed interregional transmission project was included.

C. Updated Regional Benefits calculations will be exchanged in a similar manner to the status updates described in Section 1.3.4.1.

In any regional benefit to cost ("BTC") ratio calculation(s) performed pursuant to the respective regional transmission planning processes, the anticipated allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and SPP.

2. Cost Allocation

2.1 Interregional Transmission Projects Proposed for Interregional Cost

Allocation Purposes: For a transmission project to be considered for purposes of interregional cost allocation between the SERTP and SPP, the following criteria must be met:

A. The transmission project must interconnect to transmission facilities in both the SERTP and SPP regions and must meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes of both the SERTP and SPP. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development;

B. The transmission project must be proposed in the SERTP and SPP regional planning processes for purposes of cost allocation, as well as any other regions to which the proposed transmission project would interconnect, in accordance with the procedures of the applicable regional transmission planning processes. If the proposed transmission project is being proposed by a transmission developer, the transmission developer must also satisfy all qualification criteria specified in the respective regional transmission planning processes, as applicable.

2.2 Inclusion in Regional Transmission Plans for Purposes of Cost Allocation:

An interregional transmission project proposed for interregional cost allocation purposes in each region will be included in the respective regional transmission plans for purposes of cost allocation after each region has performed all evaluations and the transmission project has obtained all approvals, as prescribed in the respective regional transmission planning processes, necessary for it to be included in each regional transmission plan for purposes of cost allocation.

2.3 Allocation of Costs Between the SERTP and SPP: The cost of an interregional transmission project selected for purposes of cost allocation in the regional transmission plans of both the SERTP and SPP will be allocated between the regions as follows:

A. Each region will be allocated a portion of the interregional transmission project's costs in proportion to such region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and SPP.

- The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the method described in Section 1.3.4.2 – before each region included the transmission project in its regional transmission plan for purposes of cost allocation and as approved by each region.
- Should one region be willing to bear more costs of the interregional transmission project than the costs identified pursuant to the methodology described in this Section 2.3.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.

2.4 Milestones of Required Steps Necessary to Maintain Status as Being Selected for Interregional Cost Allocation Purposes: Once selected in the respective regional transmission plans for purposes of cost allocation, the SERTP Sponsor(s) that will be allocated costs of the transmission project and SPP (*collectively* "beneficiaries") and the transmission developer must mutually agree upon an acceptable development schedule including milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones may include (to the extent not already accomplished) obtaining all necessary rights-of-way and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) between the transmission developer and the beneficiaries. If the specified milestones are not met, then the Duke Transmission Provider may remove the

transmission project from the selected category in the regional transmission plan for purposes of cost allocation.

2.5 Interregional Project Contractual Arrangements: The contracts referenced in Section 2.4 will address terms and conditions associated with the development of the proposed transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

- a) Engineering, procurement, construction, maintenance, and operation of the proposed transmission project, including coordination responsibilities of the parties;
- b) Emergency restoration and repair;
- c) The specific financial terms/specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;
- d) Creditworthiness/project security requirements;
- e) Milestone reporting, including schedule of projected expenditures;
- f) Reevaluation of the transmission project; and
- g) Non-performance or abandonment.

2.6 Removal from Regional Transmission Plans for Purposes of Cost Allocation:

An interregional transmission project may be removed from the Duke Transmission Provider's or SPP's regional transmission plan for purposes of cost allocation (1) if the project is removed from either regions' regional transmission plans pursuant to the requirements of its regional transmission planning process or

(2) if the developer fails to meet the developmental milestones established pursuant to Section 2.4.

2.6.1: The Duke Transmission Provider and/or SPP will notify the other party if an interregional transmission project or a portion thereof is likely to be removed from its regional transmission plan.

3. Transparency

3.1 The Duke Transmission Provider and SPP shall host their respective regional websites for communication of information related to coordinated interregional transmission planning procedures. The regions shall coordinate on the documents and information that is posted on their respective websites to ensure consistency of information. Each regional website shall contain, at a minimum, the following information:

- i. Link to this Attachment N-1 SPP;
- ii. Information related to joint meetings, such as links to materials for joint meetings;
- iii. Documents relating to joint evaluations; and
- iv. Procedures for coordination and joint evaluation.

3.2 Access to the data utilized will be made available through the pertinent regional planning websites subject to the requirements in Section 1.2.3. The Duke Transmission Provider will make available, on the Regional Planning website, links to where stakeholders can register (if applicable/available) for SPP stakeholder committees and distribution lists.

3.3 At the fourth quarter SERTP Summit, or as necessary due to current activity of proposed interregional transmission projects, the SERTP Sponsors will provide status updates of interregional activities including:

- Facilities to be evaluated;
- Analysis performed; and
- Determinations/results.

3.4 Stakeholders will have an opportunity to provide input and feedback related to interregional facilities identified, analysis performed, and any determination/results within the respective regional transmission planning processes. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination activities described in this Attachment N-1 - SPP.

Kentucky Utilities Company and Louisville Gas and Electric
Company

Appendix 10 to Attachment K

Interregional Transmission Coordination Between the SERTP and SPP

Appendix 10 to Attachment K

Interregional Transmission Coordination Between the SERTP and SPP

The Transmission Owner, through its regional transmission planning process, coordinates with the public utility transmission providers in the Southwest Power Pool region (“SPP”) to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between public utility transmission providers in the SERTP and SPP (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Appendix 10 to Attachment K with additional materials provided on the Regional Planning website.

The Transmission Owner ensures that the following requirements are included in the interregional transmission coordination procedures described in this Appendix 10:

- (1) A commitment to coordinate and share the results of the SERTP and SPP regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so;
- (2) A formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions;
- (3) A duty to exchange, at least annually, planning data and information; and

- (4) A commitment to maintain a website or e-mail list for the communication of information related to the coordinated planning process.

The Transmission Owner has worked with SPP to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation method satisfies the six interregional cost allocation principles set forth in Order No. 1000 and are included in this Appendix 10.

For purposes of this Appendix 10, the SERTP's regional transmission planning process is the process described in Attachment K of this Tariff; SPP's regional transmission planning process is the process described in Section VIII of Attachment O of SPP's OATT. References to the respective regional transmission planning processes in this Appendix 10 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Appendix 10 refer to Sections within this Appendix 10.

INTERREGIONAL TRANSMISSION PLANNING

1. Coordination

1.1 Annual Coordination: Representatives of the SERTP and SPP will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SERTP and SPP may meet more frequently to coordinate the evaluation of interregional transmission project(s).

1.2 Data Exchange

1.2.1 Annual Data Exchange: At least annually, the Transmission Owner and SPP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-

current regional transmission plan(s). The Transmission Owner shall designate a representative for its region and SPP shall designate a representative for the SPP region to facilitate the annual data exchange. The data exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter. Additional transmission-based models and data used in the development of the respective regional transmission plans will be exchanged between the Transmission Owner and SPP if requested. Data exchanged between the Transmission Owner and SPP under this Section 1.2.1 shall be posted on the pertinent regional transmission planning websites consistent with the posting requirements of the respective regional transmission planning processes and is generally considered CEII.

1.2.2 Exchange of Regional Transmission Plans: The Transmission Owner's regional transmission plan(s) will be posted on the Regional Planning website pursuant to the Transmission Owner's regional transmission planning process. The Transmission Owner will also notify the SPP representative of such posting so it may retrieve the transmission plan(s). SPP will exchange the then-current SPP regional transmission plan(s) in a similar manner according to its regional transmission planning process.

1.2.3 Confidentiality: Any CEII and Confidential Non-CEII data exchanged pursuant to this Appendix 10 shall be subject to appropriate CEII and Confidential Non-CEII treatment.

1.3. Joint Evaluation

1.3.1 Identification of Interregional Transmission Projects: At least biennially, the Transmission Owner will review the then-current regional transmission plan of SPP and SPP will review the Transmission Owner's then-current regional transmission plan. Such plans include the transmission needs of each region as prescribed by each region's planning process. This review shall occur on a mutually agreeable schedule, taking into account each region's regional transmission planning processes timetable. If through this review, the Transmission Owner and SPP identify a potential interregional transmission project that could be more efficient or cost effective than transmission projects included in the respective regional transmission plans, the Transmission Owner and SPP will jointly evaluate the potential transmission project pursuant to Section 1.3.4.

1.3.2 Identification of Interregional Transmission Projects by Stakeholders: Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Transmission Owner's and/or SPP's regional transmission plans pursuant to the procedures in each region's regional transmission planning processes. The Transmission Owner and SPP will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 1.3.4.

1.3.3 Identification of Interregional Transmission Projects by Developers: Interregional transmission projects proposed for purposes of potential

interregional cost allocation must be submitted in both the SERTP and SPP regional transmission planning processes and satisfy the requirements of Section 2.1. The submittal must identify the potential transmission project as interregional in scope and identify that such project will interconnect between the SERTP and SPP regions. The Transmission Owner will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Owner will notify SPP. Once the potential interregional transmission project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Owner and SPP will jointly evaluate the proposed interregional transmission projects pursuant to Sections 1.3.4.

1.3.4 Evaluation of Interregional Transmission Projects:

1.3.4.1 Joint Evaluation of Interregional Transmission Projects: The Transmission Owner and SPP shall act through their respective regional transmission planning processes to evaluate potential interregional transmission projects and to determine whether the inclusion of any potential interregional transmission projects in each region's regional transmission plan would be more efficient or cost-effective than transmission projects included in the respective then-current regional

transmission plans. Initial coordination activities to facilitate such analysis will typically begin during the third calendar quarter. Such analysis shall be consistent with accepted planning practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). The Transmission Owner will evaluate potential interregional transmission projects consistent with Section 3 and Section 21 of Attachment K. To the extent possible, and as needed, information will be coordinated between the Transmission Owner and SPP, including, but not limited to:

- Planning horizons;
- Expected timelines/milestones associated with the joint evaluation;
- Study assumptions and data;
- Models; and
- Criteria.

The Transmission Owner and SPP will exchange status updates for new interregional transmission project proposals or proposals currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region's evaluation of the proposal; (ii) the anticipated timeline for future assessments; and (iii) reevaluations related to the proposal.

1.3.4.2 Determination of Regional Benefit(s) for Interregional Cost Allocation Purposes: The Transmission Owner and SPP shall evaluate the proposed interregional transmission project that meets the criteria of

Section 2 for interregional cost allocation within the respective regions as follows:

- A. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed interregional transmission project(s) provides Regional Benefits to its respective region. For purposes of this Appendix 10, “Regional Benefit” shall mean the calculation described in Section 1.3.4.2.B.
- B. Based upon the evaluation made pursuant to 1.3.4.2.A, each region will quantify a Regional Benefit based upon (i) for the Transmission Owner, the Transmission Owner shall calculate the total avoided costs of transmission projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included; and (ii) for SPP, SPP shall calculate the total avoided costs of regional transmission projects that would be displaced if the proposed interregional transmission project was included.
- C. Updated Regional Benefits calculations will be exchanged in a similar manner to the status updates described in Section 1.3.4.1.

In any regional benefit to cost (“BTC”) ratio calculation(s) performed pursuant to the respective regional transmission planning processes, the anticipated allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region’s Regional Benefit

to the sum of the Regional Benefits identified for both the SERTP and SPP.

2. Cost Allocation

2.1 Interregional Transmission Projects Proposed for Interregional Cost

Allocation Purposes: For a transmission project to be considered for purposes of interregional cost allocation between the SERTP and SPP, the following criteria must be met:

- A. The transmission project must interconnect to transmission facilities in both the SERTP and SPP regions and must meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes of both the SERTP and SPP. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development;
- B. The transmission project must be proposed in the SERTP and SPP regional planning processes for purposes of cost allocation, as well as any other regions to which the proposed transmission project would interconnect, in accordance with the procedures of the applicable regional transmission planning processes. If the proposed transmission project is being proposed by a transmission developer, the transmission developer

must also satisfy all qualification criteria specified in the respective regional transmission planning processes, as applicable.

2.2 Inclusion in Regional Transmission Plans for Purposes of Cost Allocation:

An interregional transmission project proposed for interregional cost allocation purposes in each region will be included in the respective regional transmission plans for purposes of cost allocation after each region has performed all evaluations and the transmission project has obtained all approvals, as prescribed in the respective regional transmission planning processes, necessary for it to be included in each regional transmission plan for purposes of cost allocation.

2.3 Allocation of Costs Between the SERTP and SPP: The cost of an interregional transmission project selected for purposes of cost allocation in the regional transmission plans of both the SERTP and SPP will be allocated between the regions as follows:

- A. Each region will be allocated a portion of the interregional transmission project's costs in proportion to such region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and SPP.
 - o The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed - pursuant to the method described in Section 1.3.4.2 - before each region included the transmission project in its regional transmission plan for purposes of cost allocation and as approved by each region.
 - o Should one region be willing to bear more costs of the interregional transmission project than the costs identified pursuant to the

methodology described in this Section 2.3.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.

2.4 Milestones of Required Steps Necessary to Maintain Status as Being Selected

for Interregional Cost Allocation Purposes: Once selected in the respective regional transmission plans for purposes of cost allocation, the SERTP Sponsor(s) that will be allocated costs of the transmission project and SPP (*collectively* “beneficiaries”) and the transmission developer must mutually agree upon an acceptable development schedule including milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones may include (to the extent not already accomplished) obtaining all necessary rights-of-way and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) between the transmission developer and the beneficiaries. If the specified milestones are not met, then the Transmission Owner may remove the transmission project from the selected category in the regional transmission plan for purposes of cost allocation.

2.5 Interregional Project Contractual Arrangements:

The contracts referenced in Section 2.4 will address terms and conditions associated with the development of the proposed transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

- a) Engineering, procurement, construction, maintenance, and operation of the proposed transmission project, including coordination responsibilities of the parties;
- b) Emergency restoration and repair;
- c) The specific financial terms/specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;
- d) Creditworthiness/project security requirements;
- e) Milestone reporting, including schedule of projected expenditures;
- f) Reevaluation of the transmission project; and
- g) Non-performance or abandonment.

2.6 Removal from Regional Transmission Plans for Purposes of Cost Allocation:

An interregional transmission project may be removed from the Transmission Owner's or SPP's regional transmission plan for purposes of cost allocation (1) if the project is removed from either regions' regional transmission plans pursuant to the requirements of its regional transmission planning process or (2) if the developer fails to meet the developmental milestones established pursuant to Section 2.4.

2.6.1: The Transmission Owner and/or SPP will notify the other party if an interregional transmission project or a portion thereof is likely to be removed from its regional transmission plan.

3. Transparency

3.1 The Transmission Owner and SPP shall host their respective regional websites for communication of information related to coordinated interregional transmission planning procedures. The regions shall coordinate on the documents and information that is posted on their respective websites to ensure consistency of information. Each regional website shall contain, at a minimum, the following information:

- i. Link to this Appendix 10;
- ii. Information related to joint meetings, such as links to materials for joint meetings;
- iii. Documents relating to joint evaluations; and
- iv. Procedures for coordination and joint evaluation.

3.2 Access to the data utilized will be made available through the pertinent regional planning websites subject to the requirements in Section 1.2.3. The Transmission Owner will make available, on the Regional Planning website, links to where stakeholders can register (if applicable/available) for SPP stakeholder committees and distribution lists.

3.3 At the fourth quarter SERTP Summit, or as necessary due to current activity of proposed interregional transmission projects, the SERTP Sponsors will provide status updates of interregional activities including:

- o Facilities to be evaluated;
- o Analysis performed; and
- o Determinations/results.

3.4 Stakeholders will have an opportunity to provide input and feedback related to interregional facilities identified, analysis performed, and any determination/results within the respective regional transmission planning processes. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination activities described in this Appendix 10.

Southern Company Services, Inc.

Exhibit K-8

Interregional Transmission Coordination Between the SERTP and SPP

EXHIBIT K-8

Interregional Transmission Coordination Between the SERTP and SPP

The Transmission Provider, through its regional transmission planning process, coordinates with the public utility transmission providers in the Southwest Power Pool region (“SPP”) to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between public utility transmission providers in the SERTP and SPP (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Exhibit K-8 with additional materials provided on the Regional Planning website.

The Transmission Provider ensures that the following requirements are included in the interregional transmission coordination procedures described in this Exhibit K-8:

- (1) A commitment to coordinate and share the results of the SERTP and SPP regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so;
- (2) A formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions;
- (3) A duty to exchange, at least annually, planning data and information; and

- (4) A commitment to maintain a website or e-mail list for the communication of information related to the coordinated planning process.

The Transmission Provider has worked with SPP to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation method satisfies the six interregional cost allocation principles set forth in Order No. 1000 and are included in this Exhibit K-8.

For purposes of this Exhibit K-8, the SERTP's regional transmission planning process is the process described in Attachment K of this Tariff; SPP's regional transmission planning process is the process described in Section VIII of Attachment O of SPP's OATT. References to the respective regional transmission planning processes in this Exhibit K-8 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Exhibit K-8 refer to Sections within this Exhibit K-8.

INTERREGIONAL TRANSMISSION PLANNING

1. Coordination

1.1 Annual Coordination: Representatives of the SERTP and SPP will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SERTP and SPP may meet more frequently to coordinate the evaluation of interregional transmission project(s).

1.2 Data Exchange

1.2.1 Annual Data Exchange: At least annually, the Transmission Provider and SPP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective

then-current regional transmission plan(s). The Transmission Provider shall designate a representative for its region and SPP shall designate a representative for the SPP region to facilitate the annual data exchange. The data exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter. Additional transmission-based models and data used in the development of the respective regional transmission plans will be exchanged between the Transmission Provider and SPP if requested. Data exchanged between the Transmission Provider and SPP under this Section 1.2.1 shall be posted on the pertinent regional transmission planning websites consistent with the posting requirements of the respective regional transmission planning processes and is generally considered CEII.

1.2.2 Exchange of Regional Transmission Plans: The Transmission Provider's regional transmission plan(s) will be posted on the Regional Planning website pursuant to the Transmission Provider's regional transmission planning process. The Transmission Provider will also notify the SPP representative of such posting so it may retrieve the transmission plan(s). SPP will exchange the then-current SPP regional transmission plan(s) in a similar manner according to its regional transmission planning process.

1.2.3 Confidentiality: Any CEII and Confidential Non-CEII data exchanged pursuant to this Exhibit K-8 shall be subject to appropriate CEII and Confidential Non-CEII treatment.

1.3. Joint Evaluation

1.3.1 Identification of Interregional Transmission Projects: At least biennially, the Transmission Provider will review the then-current regional transmission plan of SPP and SPP will review the Transmission Provider's then-current regional transmission plan. Such plans include the transmission needs of each region as prescribed by each region's planning process. This review shall occur on a mutually agreeable schedule, taking into account each region's regional transmission planning processes timetable. If through this review, the Transmission Provider and SPP identify a potential interregional transmission project that could be more efficient or cost effective than transmission projects included in the respective regional transmission plans, the Transmission Provider and SPP will jointly evaluate the potential transmission project pursuant to Section 1.3.4.

1.3.2 Identification of Interregional Transmission Projects by Stakeholders: Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Transmission Provider's and/or SPP's regional transmission plans pursuant to the procedures in each region's regional transmission planning

processes. The Transmission Provider and SPP will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 1.3.4.

1.3.3 Identification of Interregional Transmission Projects by Developers:

Interregional transmission projects proposed for purposes of potential interregional cost allocation must be submitted in both the SERTP and SPP regional transmission planning processes and satisfy the requirements of Section 2.1. The submittal must identify the potential transmission project as interregional in scope and identify that such project will interconnect between the SERTP and SPP regions. The Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Provider will notify SPP. Once the potential interregional transmission project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Provider and SPP will jointly evaluate the proposed interregional transmission projects pursuant to Sections 1.3.4.

1.3.4 Evaluation of Interregional Transmission Projects:

1.3.4.1 Joint Evaluation of Interregional Transmission Projects: The Transmission Provider and SPP shall act through their respective regional transmission planning processes to evaluate potential

interregional transmission projects and to determine whether the inclusion of any potential interregional transmission projects in each region's regional transmission plan would be more efficient or cost-effective than transmission projects included in the respective then-current regional transmission plans. Initial coordination activities to facilitate such analysis will typically begin during the third calendar quarter. Such analysis shall be consistent with accepted planning practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). The Transmission Provider will evaluate potential interregional transmission projects consistent with Section 6 and Section 11 of Attachment K. To the extent possible, and as needed, information will be coordinated between the Transmission Provider and SPP, including, but not limited to:

- Planning horizons;
- Expected timelines/milestones associated with the joint evaluation;
- Study assumptions and data;
- Models; and
- Criteria.

The Transmission Provider and SPP will exchange status updates for new interregional transmission project proposals or proposals

currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region's evaluation of the proposal; (ii) the anticipated timeline for future assessments; and (iii) reevaluations related to the proposal.

1.3.4.2 Determination of Regional Benefit(s) for Interregional Cost

Allocation Purposes: The Transmission Provider and SPP shall evaluate the proposed interregional transmission project that meets the criteria of Section 2 for interregional cost allocation within the respective regions as follows:

- A. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed interregional transmission project(s) provides Regional Benefits to its respective region. For purposes of this Exhibit K-8, "Regional Benefit" shall mean the calculation described in Section 1.3.4.2.B.
- B. Based upon the evaluation made pursuant to 1.3.4.2.A, each region will quantify a Regional Benefit based upon (i) for the Transmission Provider, the Transmission Provider shall calculate the total avoided costs of transmission projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included; and (ii) for SPP, SPP shall calculate the total avoided costs of regional

transmission projects that would be displaced if the proposed interregional transmission project was included.

- C. Updated Regional Benefits calculations will be exchanged in a similar manner to the status updates described in Section 1.3.4.1.

In any regional benefit to cost (“BTC”) ratio calculation(s) performed pursuant to the respective regional transmission planning processes, the anticipated allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region’s Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and SPP.

2. Cost Allocation

2.1 Interregional Transmission Projects Proposed for Interregional Cost

Allocation Purposes: For a transmission project to be considered for purposes of interregional cost allocation between the SERTP and SPP, the following criteria must be met:

- A. The transmission project must interconnect to transmission facilities in both the SERTP and SPP regions and must meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes of both the SERTP and SPP. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects

included in the regional transmission plan that are currently under development;

- B. The transmission project must be proposed in the SERTP and SPP regional planning processes for purposes of cost allocation, as well as any other regions to which the proposed transmission project would interconnect, in accordance with the procedures of the applicable regional transmission planning processes. If the proposed transmission project is being proposed by a transmission developer, the transmission developer must also satisfy all qualification criteria specified in the respective regional transmission planning processes, as applicable.

2.2 Inclusion in Regional Transmission Plans for Purposes of Cost Allocation:

An interregional transmission project proposed for interregional cost allocation purposes in each region will be included in the respective regional transmission plans for purposes of cost allocation after each region has performed all evaluations and the transmission project has obtained all approvals, as prescribed in the respective regional transmission planning processes, necessary for it to be included in each regional transmission plan for purposes of cost allocation.

- 2.3 Allocation of Costs Between the SERTP and SPP:** The cost of an interregional transmission project selected for purposes of cost allocation in the regional transmission plans of both the SERTP and SPP will be allocated between the regions as follows:

- A. Each region will be allocated a portion of the interregional transmission project's costs in proportion to such region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and SPP.
- The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the method described in Section 1.3.4.2 – before each region included the transmission project in its regional transmission plan for purposes of cost allocation and as approved by each region.
 - Should one region be willing to bear more costs of the interregional transmission project than the costs identified pursuant to the methodology described in this Section 2.3.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.

2.4 Milestones of Required Steps Necessary to Maintain Status as Being Selected for Interregional Cost Allocation Purposes: Once selected in the respective regional transmission plans for purposes of cost allocation, the SERTP Sponsor(s) that will be allocated costs of the transmission project and SPP (*collectively* “beneficiaries”) and the transmission developer must mutually agree upon an acceptable development schedule including milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones may include (to the extent not already accomplished) obtaining all necessary rights-of-way and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s)

between the transmission developer and the beneficiaries. If the specified milestones are not met, then the Transmission Provider may remove the transmission project from the selected category in the regional transmission plan for purposes of cost allocation.

2.5 Interregional Project Contractual Arrangements: The contracts referenced in Section 2.4 will address terms and conditions associated with the development of the proposed transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

- a) Engineering, procurement, construction, maintenance, and operation of the proposed transmission project, including coordination responsibilities of the parties;
- b) Emergency restoration and repair;
- c) The specific financial terms/specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;
- d) Creditworthiness/project security requirements;
- e) Milestone reporting, including schedule of projected expenditures;
- f) Reevaluation of the transmission project; and
- g) Non-performance or abandonment.

2.6 Removal from Regional Transmission Plans for Purposes of Cost Allocation:

An interregional transmission project may be removed from the Transmission Provider's or SPP's regional transmission plan for purposes of cost allocation (1) if the project is removed from either regions' regional transmission plans pursuant

to the requirements of its regional transmission planning process or (2) if the developer fails to meet the developmental milestones established pursuant to Section 2.4.

2.6.1 The Transmission Provider and/or SPP will notify the other party if an interregional transmission project or a portion thereof is likely to be removed from its regional transmission plan.

3. Transparency

3.1 The Transmission Provider and SPP shall host their respective regional websites for communication of information related to coordinated interregional transmission planning procedures. The regions shall coordinate on the documents and information that is posted on their respective websites to ensure consistency of information. Each regional website shall contain, at a minimum, the following information:

- i. Link to this Exhibit K-8;
- ii. Information related to joint meetings, such as links to materials for joint meetings;
- iii. Documents relating to joint evaluations; and
- iv. Procedures for coordination and joint evaluation.

3.2 Access to the data utilized will be made available through the pertinent regional planning websites subject to the requirements in Section 1.2.3. The Transmission Provider will make available, on the Regional Planning website, links to where stakeholders can register (if applicable/available) for SPP stakeholder committees and distribution lists.

3.3 At the fourth quarter SERTP Summit, or as necessary due to current activity of proposed interregional transmission projects, the SERTP Sponsors will provide status updates of interregional activities including:

- Facilities to be evaluated;
- Analysis performed; and
- Determinations/results.

3.4 Stakeholders will have an opportunity to provide input and feedback related to interregional facilities identified, analysis performed, and any determination/results within the respective regional transmission planning processes. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination activities described in this Exhibit K-8.