

DECEMBER 12, 2012 SERTP STAKEHOLDERS INTERIM MEETING

Andrew Taylor of Southern Company Transmission, on behalf of the SERTP Sponsors, provided a presentation regarding their proposed compliance with FERC Order No. 1000. This presentation followed the power point slide program entitled "Presentation – SERTP Stakeholders' Meeting on Order 1000" and the proposed draft Attachment K language that is posted on the SERTP website. As such, much of the discussion that tracked the slides in that presentation and the draft tariff language is not reproduced below, but the substance of those discussions is contained in those documents, available on the SERTP website.¹ Please submit any written comments on the proposed tariff language and the December 12th meeting by January 4, 2013 to provide the SERTP Sponsors time to evaluate the comments and consider changes to the process. The SERTP Sponsors endeavor to post updated Attachment K language by January 11, 2013 in an effort to obtain as much feedback as reasonably feasible. Meetings such as the December 12, 2012 interim meeting are an avenue for stakeholders to offer comments, but there are others. Interested parties can submit comments through the SERTP website.

Draft Tariff Language

- Stakeholder comments are requested by January 4, 2013, but please provide them as soon as practicable to give the SERTP Sponsors time to consider them and incorporate changes, as applicable.
- The SERTP Sponsors have agreed to adopt the existing SERTP planning principles of Order No. 890 for the seven regional principles

Open Discussion

- Andrew Taylor (Southern) discussed the proposed SERTP process outlined in the draft Attachment K tariff language to satisfy the requirements of FERC Order No. 1000. The substance of the discussion can be found within the posted draft Attachment K language and, therefore, is not captured below. However, discussions with stakeholders concerning specifics of the SERTP proposal are contained below.
- **Consideration of Transmission Needs Driven by Public Policy Requirements (PPRs)**
 - David Wooly (NRDC) – Clean Air Act compliance is one of the major public policy requirements currently. How would a stakeholder provide feedback regarding that compliance?

¹ This document represents a good faith effort to accurately capture the major themes of the discussions that occurred at this meeting (although, again, it does not repeat the portions of those discussions that simply followed the power point presentation and tariff language). Importantly, this document should not be considered to be in the nature of an official transcript.

- Andrew Taylor (Southern) – Some PPRs, such as the Clean Air Act, are applicable to the generation resources of load serving entities (LSEs). Transmission planning provides firm delivery transmission services associated with the resource decisions of LSEs, which can assist those entities in satisfying PPRs applicable to them.
- David Wooly – Are those assumptions available?
- Andrew Taylor – Absolutely. For example, at the Annual Transmission Planning Summit yesterday, we discussed the preliminary resource assumptions that the SERTP intends to use in the 2013 expansion planning process.
- David Wooly – Would that identify resources that would be retired?
- Andrew Taylor – Assumptions are given by the LSEs, so to the extent a decision has been made by an LSE to retire a plant, that assumption will be included.
- **Merchant Transmission Developers**
 - David Wooly (NRDC) – Does this only pertain to hardware transmission or would this be the same for non-transmission alternatives?
 - Andrew Taylor (Southern) – It would depend on what you are looking at. There are OATT processes that govern treatment of generation facilities and demand response. This is really more geared towards merchant transmission facilities, with demand response located in a different section of the OATT.
- **Enrollment**
 - Andy Tunnell (Balch & Bingham) – Section 12.6 is applicable to the nonjurisdictional entities. Jurisdictional utilities are bound by the filing they make and ultimately implement.
 - Valerie Martin (FERC) – (referring to Section 12.5) What do you mean by “any modification to the filing”?
 - Andrew Taylor (Southern) – If there is a modification to the filing, the nonjurisdictional entities have 60 days to assess the modifications. If they find the modifications unacceptable to their continued participation, they would be afforded an opportunity to unenroll.
 - Valerie Martin (FERC) – Have any entities enrolled at this point?
 - Andrew Taylor – No.
 - Andy Tunnell – This type of concept, the condition precedent, is common in voluntary agreements filed before the Commission and gives the non-publics an opportunity to maintain a voluntary assessment on their choice to enroll
- **Qualification Criteria to Submit a Regional Transmission Project Proposal for Potential Selection for RCAP**
 - Andrew Taylor (Southern) – We received feedback at the October 17th Interim Meeting about incorporating a mechanism for transmission developers to rely on a parent company’s credit. We changed the

proposal to say that you can rely on a parent company if the parent company pledges to guarantee any resulting selection for RCAP.

- No stakeholder questions were asked about this section.
- **Transmission Facilities Potentially Eligible for RCAP**
 - No stakeholder questions were asked about this section.
- **Submission and Evaluation of Proposals for Potential Selection in a Regional Transmission Plan for RCAP**
 - Andrew Taylor (Southern) – Section 15.1.8 is a slight change from the last meeting. We modified the administrative fee to provide a partial refund of the administrative fee if the proposed project doesn't satisfy the initial qualification criteria or if the developer withdraws the proposal before the 1st Quarter SERTP meeting.
 - Valerie Martin (FERC) – What if something is submitted after the 60-day period?
 - Andrew Taylor – The evaluation process is a long one, and we don't know if something submitted late will be given the amount of time its needed in the current cycle.
 - Doug McLaughlin (Southern) – We want them early so they can go through the normal planning process. If something is submitted late, we will try to evaluate it, but it may have to be evaluated in the next planning cycle. Ideally, the proposal would be considered along the same timeline as the rest of the projects being studied during the cycle.
- **Evaluation of Proposals for Selection in a Regional Transmission Plan for RCAP**
 - Valerie Martin (FERC) – Is the RCAP project schedule something that is going to be made public during the process?
 - Andrew Taylor (Southern) – the schedule is something that can be adjusted throughout the process, so it would be difficult to put forth a schedule and expect it to remain constant because assumptions and needs change over time. However, the process will be open and transparent.
 - Frank Rambo (SELC) – One of our chief concerns from Order No. 1000 are the nontransmission alternatives (“NTA”), how they are considered, etc. In recognizing there is no requirement that you use nontransmission alternative language, throughout the proposed language where you talk about projects, are those terms defined in such a way as they include nontransmission alternatives? Also, did the Sponsors consider integrating these requirements with the existing Attachment K rather than having a separate Order No. 1000 section?
 - Andrew Taylor – Sections 12 through 21 all relate to regional cost allocation. Transmission developers propose projects that are more efficient and cost effective to have an opportunity to allocate costs associated with the development of the project. The Order does not require consideration of NTAs for this purpose. However, the existing Attachment K provides for consideration of NTAs, so those will be

considered through that process. On the second question, we are using the structure we've had in place since 2007 and building on it for the Order No. 1000 requirements. The RCAP process is different than the 890 requirements, so it needs its own sections, but they will be reflected throughout the applicable sections of the tariff including the rest of Attachment K.

- **Cost Allocation Methodology Based Upon Avoided Transmission Costs**
 - No stakeholder questions were asked about this section.
- **On-Going Evaluations of Proposed Projects**
 - No stakeholder questions were asked about this section.
- **Delay or Abandonment**
 - No stakeholder questions were asked about this section.
- **Milestones of Required Steps Necessary to Maintain Status as Being Selected for RCAP**
 - No stakeholder questions were asked about this section.
- **Mutually Agreed Upon Contract(s) Between the Transmission Developer and the Beneficiaries**
 - Doug McLaughlin (Southern) – Do any of the state commission representatives have any input on this section?
 - No feedback was received.
 - No stakeholder questions were asked about this section.
- **Questions/Comments?**
 - Cindy Miller – Do you want comments sent hard copy or emailed to the website?
 - Andrew Taylor (Southern) – Anyone can go through the SERTP website. The simplest thing, however, is to email directly to Andrew Taylor at: artaylor@southernco.com
 - Frank Rambo (SELC) – (Regarding Section 14.b.) Can you explain the thought-process behind the project needing to be located in two or more BAAs? Also explain the case-by-case analysis under Section 14.1.
 - Andrew Taylor – The Order is dealing with big, long lines that provide tangible, regional benefits. The backbone of the SERTP transmission system is 300 kV+. We want to provide a clear definition of the facilities that provide the regional benefits in the expanded region. Consideration of smaller facilities really starts to impact the local IRP processes. For case-by-case analysis, we will still consider projects that do not fall within the four corners of the qualification criteria.
 - Doug McLaughlin (Southern) – We are looking for regional efficiencies. If it can be handled in a single BAA, it probably does not need to be included in the regional process. However, you can't anticipate all the ideas that may result and we don't want to establish a bright-line metric to exclude projects, so the case-by-case analysis allows that flexibility.

- Andrew Taylor – We had been previously asked, as an example, what if a facility met all of the criteria, except was only 94 miles. A project like that would not be automatically rejected just because it is six miles short.
- Valerie Martin (FERC) – On the cost benefit analysis, will you be looking at benefits produced over the life of the facility?
- Andrew Taylor – For inclusion in the regional plan for RCAP, we are looking at what transmission needs it addresses throughout the planning horizon. When a regional proposal comes in, does it address the transmission needs addressed by other projects in the latest plan more efficiently and cost effectively?
- Valerie Martin – If one proposal is a facility that yields higher transfer capability, which will provide economic benefits, but would cost more now, would it be considered?
- Andrew Taylor – We will consider any project. As for increased transfer capability, we address transmission needs driven by all firm transmission obligations, including obligations across the interfaces, through the identification of cost effective and efficient projects in the plan. So if a proposal came in that addressed those transmission needs more efficiently and cost effectively, it could potentially displace the corresponding projects and be considered in the RCAP process.
- Valerie Martin – (Regarding Section 16.3) Do you have an example of a make whole cost that would be incurred by an Impacted Utility
- Andrew Taylor – If a regional proposal drives a new project for an entity that receives no benefit, that entity would have to be compensated or made whole for the construction of that project
- Rob Wiley (GTC) – So to clarify, explain what would happen if an entity had a \$2 M line displaced, but had to pay \$3 M for a new project driven by the RCAP project.
- Andrew – If they have a \$2 M project displaced with a \$3 M project, they really haven't received a benefit and will have to be made whole for that increased cost.
- Keith Daniel (GTC) – Section 16.1.3 really addresses this concept.
- Mark Butrel (FPSC) – Please clarify the timeline for pre-filing activities.
- Andrew Taylor – Please provide comments by January 4. We intend to provide updated Attachment K language as soon as practical after that (around January 11) for further Stakeholder comments. That's why we want comments as early as possible, so we can adequately consider feedback and give Stakeholders an opportunity to comment before the filing deadline.
- David Woolly (NRDC) – There is nothing in the proposed language about nontransmission alternatives, does the underlying OATT have language about that?
- Andrew Taylor – The existing Attachment K does have provisions on non-transmission alternatives.

- David Woolly – Does the SERTP consider those types of projects without being requested by Stakeholders?
- Andrew Taylor – We consider things from a lot of different sources, including inputs by load serving entities and Stakeholders
- David Woolly – But do the transmission providers consider demand response in the normal course of their planning?
- Andrew Taylor – Demand-side management is planned consistent with state programs and decisions and those inputs in the process come from the LSEs and their state requirements.
- David Woolly – What about geographically targeted sets of services to drop load, is that routinely looked at?
- Doug McLaughlin – We look at those things. You have to keep in mind that transmission planning does not negotiate load contracts or those types of things. Those decisions are made by the load serving entities and transmission planning serves the load commitments of the LSEs. Transmission planning routinely works with the LSEs to see where those projects are, so it does get done, but it is not within the purview of the transmission planner. It has to come from the load serving entity.
- David Woolly – My understanding is that that is actually the responsibility of the transmission planner under Order No. 1000.
- Doug McLaughlin – We study any of those types of proposals that are brought to us by the LSEs, but the planners’ obligation is to provide the delivery service requested by the LSEs.
- Andy Tunnell (Balch & Bingham) – From our perspective, using bottom-up planning, those decisions are done through the IRP process. Those decisions are made by the LSEs at the IRP level. FERC is very clear that it doesn’t expect this to become (or interfere with) the IRP process. From an Order No. 1000 perspective, we are only dealing with transmission planning, not the resource decisions, including demand-side management, which are made by the LSEs. Demand-side management proposal provisions are currently included in the Attachment K.
- David Woolly – If you had a service provider who wanted to present a project that is a combination of demand-side management, energy efficiency, and something else, how would you bring that forward as a proposed alternative to a transmission upgrade
- Andrew Taylor – We plan for firm delivery service based upon inputs provided by LSEs. If the proposed projects displaced transmission projects, then planning would analyze that.
- Andy Tunnell – the current Attachment K section concerning DSM is Section 4.4.

Please provide any written comments by January 4, 2013. Comments may be submitted through the SERTP website or by emailing them directly to Andrew Taylor at: artaylor@southernco.com.

Attendees:

Name	Company
Andrew Taylor	Southern Company
Doug McLaughlin	Southern Company
Geoffrey Suttle	Orion Renewables
Kevin Hopper	AECI
Jeff Johns	AECI
Jay Farrington	PowerSouth
Valeria Martin	FERC
Julia York	Southern Company
John Lucas	Southern Company
Jesse Unkenholz	Balch & Bingham
Andy Tunnell	Balch & Bingham
Keith Daniel	GTC
Derek Rahn	LGE/KU
Chris Balmer	LGE/KU
Delyn Kilpack	LGE/KU
Robert Matthey	OVEC
Scott Cunningham	OVEC
Kevin Burns	TranServ
Larry Monday	TranServ
Richard Saas	TVA
Kimberly Bolton	TVA
Marjorie Parsons	TVA
Danny Dees	MEAG
John Thomas	Dalton
Edwin Galloway	Dalton
Kerry Sibley	GTC
Patrick McGovern	GTC
Frank Rambo	Southern Environmental Law Center
David Wooley	Keyes, Fox, & Wiedman (for NRDC & Sustainable FERC project)
Josh Pierce	Southern Company
Bryan Hill	Southern Company
Chip Estes	Utilicom
Benjamin Crawford (Web/Phone)	FL PSC
Cindy Miller (Web/Phone)	FL PSC
Mark Butrel (Web/Phone)	FL PSC
Joyce Davidson (Web/Phone)	FERC
Sandeep Sadanandan (Web/Phone)	FERC
John Free (Web/Phone)	AL PSC
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John Kaduk (Web/Phone)	GA PSC
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Warren Whitson (Web/Phone)	Southern Power
Jason Goar (Web/Phone)	SMEPA
Alan Wilson (Web/Phone)	SMEPA
Chris Diebold (Web/Phone)	Tallahassee
Tom Kansier (Web/Phone)	MAPP
Wayne Van Liere (Web/Phone)	LGE/KU