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July 10, 2013

VIA Electronic Filing

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: South Carolina Electric & Gas Company
Docket No. ER13-____-000**

Dear Secretary Bose:

Pursuant to Section 206 of the Federal Power Act,¹ Part 35 of the regulations of the Federal Energy Regulatory Commission (the "Commission"),² and Order No. 1000,³ South Carolina Electric & Gas Company ("SCE&G") hereby electronically submits to the Commission this transmittal letter and revised tariff sheets amending Attachment K of its open access transmission tariff ("OATT").⁴ Specifically, SCE&G proposes to amend its Attachment K as filed with the Commission in compliance with Order No. 1000 regional transmission planning requirements on October 11, 2012 ("Revised Attachment K"). Revised Attachment K describes SCE&G's compliance with the interregional transmission coordination requirements of Order No. 1000 by deleting Appendix K-5, adding Appendix K-6, and making other ministerial edits to reflect these changes.

¹ 16 U.S.C. § 824d (2000).

² 18 C.F.R. Part 35 (2010).

³ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011) ("Order No. 1000"), *order on reh'g and clarification*, Order No. 1000-A, 139 FERC ¶ 61,132 (2012) ("Order No. 1000-A").

⁴ SCE&G FERC Electric Tariff, Third Revised Volume No. 5.

In the Commission's Order on SCE&G's regional compliance filing,⁵ FERC accepted as the Order No. 1000 transmission planning region the retail footprints served by SCE&G and the South Carolina Public Service Authority ("Santee Cooper"). The transmission planning process conducted within this region is known as the South Carolina Regional Transmission Planning ("SCRTP") process. As the SCRTP region borders only the transmission planning region known as the Southeastern Regional Transmission Planning Process ("SERTP"), SCE&G worked in conjunction with the Jurisdictional SERTP Sponsors (Duke, LG&E/KU, OVEC, and Southern Companies)⁶ to develop these amendments to its Attachment K to comply with the interregional requirements of Order No. 1000. SCE&G and Jurisdictional SERTP Sponsors have agreed to a common approach and parallel tariff language in their respective OATTs to satisfy Order No. 1000's interregional coordination and cost allocation requirements. The parallel tariff language proposed herein is referred to as the "SCRTP-SERTP Joint Proposal" and the two regions are referred to as the "SCRTP-SERTP seam."

I. Contents of Filing

This filing consists of the following:

- this transmittal letter;
- a clean copy of the proposed Revised Attachment K (Exhibit A); and
- a redlined copy of the proposed Revised Attachment K comparing it to the Attachment K filed with the Commission on October 11, 2012 in Docket No. ER13-107 (Exhibit B).

II. Communication, Service and Waivers

Communications regarding this filing should be addressed to the following individuals, who should be entered on the official service lists maintained by the Secretary of the Commission for each docket established with respect to any of the documents included in this filing:

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⁵ *S.C. Elec. & Gas Co.*, 143 FERC ¶ 61,058 (2013) at P 20.

⁶ The nonjurisdictional utility Sponsors in the SERTP are: Associated Electric Cooperative Inc. ("AECI"), Dalton Utilities ("Dalton"), Georgia Transmission Corporation ("GTC"), the Municipal Electric Authority of Georgia ("MEAG"), PowerSouth Energy Cooperative ("PowerSouth"), the South Mississippi Electric Power Association ("SMEPA"), and the Tennessee Valley Authority ("TVA") (collectively, "the Nonjurisdictional Sponsors"). The Jurisdictional Sponsors and Nonjurisdictional Sponsors are collectively referred herein as the "SERTP Sponsors."

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SCE&G is serving an electronic copy of this filing via email on all of its OATT customers, the Public Service Commission of South Carolina, and the South Carolina Office of Regulatory Staff. SCE&G will also post a copy of the Revised Attachment K on its public OASIS. SCE&G requests any waivers necessary to enable the Commission to accept this filing.

III. Discussions of the SCE&G and SERTP Agreed-Upon Proposals for Complying with Order No. 1000's Interregional Requirements

As discussed above, SCE&G has reached agreement regarding these proposals with the Jurisdictional SERTP Sponsors. SCE&G has coordinated with the Jurisdictional SERTP Sponsors regarding the preparation of the discussion found in this section, and it is SCE&G's understanding that substantially the same discussions are being incorporated into the transmittal letters for the Jurisdictional SERTP Sponsors.

A. SCE&G's and the Jurisdictional SERTP Sponsors' Agreed-Upon OATT Language to Address Order No. 1000's Interregional Requirements

SCE&G and the Jurisdictional SERTP Sponsors have agreed to a common approach and parallel tariff language in their respective OATTs to satisfy Order No. 1000's interregional coordination and cost allocation requirements. For SCE&G, this tariff language is found at Appendix K-6 to Attachment K of SCE&G's OATT.

For the Jurisdictional SERTP Sponsors, this parallel tariff language for the SCRTP-SERTP seam is included in their respective OATTs as follows:

- For Duke, the implementing tariff language is found at Attachment N-1 - SCRTP of Duke's Joint OATT.
- For LG&E/KU, the implementing tariff language is found at Appendix 9 to Attachment K of LG&E/KU's OATT.
- For OVEC, the implementing tariff language is found at Attachment M-4 of OVEC's OATT.

- For Southern Companies, the implementing tariff language is found at Attachment K-7, "Interregional Transmission Coordination Between the SERTP and SCRTP Regions," of Southern Companies' OATT.

In addition to adopting parallel OATT language, in an effort to facilitate the Commission's review of this filing and that being made contemporaneously by the Jurisdictional SERTP Sponsors, SCE&G and the Jurisdictional SERTP Sponsors have coordinated to develop Section III.A of this transmittal letter to include parallel discussions in their respective transmittal letters of their agreed-upon approach.

For ease of reference, the following tracks the tariff language that is being adopted in SCE&G's and the Jurisdictional SERTP Sponsors' respective OATTs.

1. Introduction

For both SCE&G and the Jurisdictional SERTP Sponsors, the agreed-upon OATT language begins with an "Introduction" section that tracks the *pro forma* "Interregional Transmission Coordination" language found at pages 591-593 of Order No. 1000-A. This *pro forma* language provides a general overview of the interregional transmission planning commitments being made by SCE&G and the Jurisdictional SERTP Sponsors for their collective seam.

2. Sections 1-3, 5: The Proposed Interregional Transmission Coordination Procedures

With regard to interregional transmission coordination, Order No. 1000 states that the purpose of these requirements is to "obligate public utility transmission providers to identify and jointly evaluate interregional transmission facilities that may more efficiently or cost-effectively address the individual needs identified in their respective local and regional transmission planning processes."⁷ Order No. 1000 requires the public utility transmission providers in neighboring regions to engage in "joint evaluation" of proposed interregional projects⁸ and establishes "data exchange"⁹ and "transparency" requirements."¹⁰ The SCRTP-SERTP Joint Proposal addresses these requirements at Sections 1-3 and 5 in the proposed OATT language.

a. Section 1: Interregional Coordination in General

The preamble under the heading "Interregional Transmission Planning Principles" and Section 1 of the joint OATT language provide a general discussion of how SCE&G and the Jurisdictional SERTP Sponsors will comply with Order No. 1000's interregional transmission coordination requirements. The Commission held in Order No. 1000 that it would not prescribe

⁷ Order No. 1000 at P 393.

⁸ *E.g., Id.* at P 435.

⁹ *Id.* at P 454.

¹⁰ *Id.* at P 458.

requisite time frames but expects the transmission providers in neighboring regions "to cooperate and develop timelines that allow for coordination and joint evaluations."¹¹ In compliance with this requirement, these implementing OATT provisions provide that the SCRTP and the Jurisdictional SERTP Sponsors will meet no less than once per year to facilitate the implementation of the interregional coordination procedures that they are adopting. Section 1.1 further provides for the biennial review of each other's local and regional plans and makes reference to the other provisions being adopted that provide for exchange of models and data on at least an annual basis and for the joint evaluation of interregional projects. Section 1.2 further discusses how these proposed interregional coordination procedures will provide for the coordinated review and evaluation of interregional transmission projects and of the exchange of status updates of such projects. Order No. 1000 also directs that neighboring regions are to provide some effort "to harmonize differences in the data, models, assumptions, planning horizons, and criteria used to study a proposed transmission project."¹² Consistent with that requirement, Section 1.3 provides for the coordination of the assumptions to be used in joint evaluation, including items such as expected timelines and milestones, study assumptions, and regional benefit calculations.

b. Data Exchange

Order No. 1000 requires the adoption of interregional procedures that provide for the exchange of data and information at least once a year so that neighboring regions are aware of and are able to utilize each other's plans, including underlying assumptions and analysis. Order No. 1000, P 454. In accordance with these requirements, Section 2 of the SCRTP-SERTP Joint Proposal provides for the exchange, on at least an annual basis, of the power-flow models and associated data used in the planning processes, along with additional transmission-based models and data as necessary and requested. These materials will be posted upon each region's secure website along with then-current iterations of local and regional transmission plans.

c. Joint Evaluation

Order No. 1000 requires the development of procedures for the joint evaluation of proposed interregional facilities so as to provide "greater certainty that the transmission facilities in each regional transmission plan are the more efficient and cost-effective solutions to meet the region's needs."¹³ Section 3.1 of the SCRTP-SERTP Joint Proposal provides that the transmission providers in the SCRTP and the public utility transmission providers in the SERTP will review one another's plans, and if potentially more efficient and cost-effective interregional projects are identified through this review, then they will engage in joint evaluation. Furthermore, Section 3.2 provides that this joint evaluation may be triggered by stakeholders identifying interregional projects. Section 3.3 further provides that the transmission providers in the SCRTP and the public utility transmission providers in the SERTP will evaluate through their respective regional processes whether the proposed interregional project would be a more efficient and cost effective project than projects included in their existing plans. In an effort to

¹¹ *Id.* at P 438.

¹² *Id.* at P 437.

¹³ *Id.* at P 435.

provide for the evaluation of interregional projects on the same basis as those used for projects considered at both the regional and local levels, Section 3.3 provides that the evaluation of interregional projects will be performed through each region's regional processes, with the analysis to be consistent with the practices of the respective region and consistent with the methods utilized to produce the respective regional and local plans. Section 3.3 also generally provides that both regions will coordinate and exchange assumptions, models, and data as possible and needed pursuant to the above-described coordination and data exchange provisions.

Order No. 1000 requires that a project that will receive interregional cost allocation must be selected for cost allocation purposes in the regional plans of both neighboring regions.¹⁴ In this regard, Order No. 1000's joint evaluation provisions provide that an interregional transmission project is to first be proposed in the regional processes of both/all of the neighboring regions in which the facility is to be located so as to "trigger the procedure under which the public utility transmission providers, acting through their regional transmission planning process, will jointly evaluate the proposed transmission project."¹⁵ Consistent with these requirements, Section 3.4 of the SCRTP-SERTP Joint Proposal provides that if an interregional project is proposed in both the SCRTP and SERTP regions in an effort to be selected for interregional cost allocation ("Interregional CAP") in both regions, then the analysis of that project will be performed in the same manner as the analysis of other interregional projects identified by the public utility transmission providers through their interregional coordination efforts described Sections 3.1. and 3.2. Section 3.4 also notes that such a project submitted for Interregional CAP must satisfy the interregional cost allocation requirements adopted by the SCRTP and SERTP and provided at Section 4.

d. Transparency

Order No. 1000's transparency requirements include that a website or email list be maintained for the communication of information related to interregional transmission coordination procedures.¹⁶ Section 5 of the SCRTP-SERTP Joint Proposal addresses these requirements, providing that such information will be posted on the SCRTP website (subject to CEII and confidentiality protections). Section 5 further provides that status updates of interregional coordination activities will be provided during SCE&G's and the SERTP's respective, regional planning meetings and that their stakeholders will have an opportunity during the those regional processes to provide input and feedback related to interregional facilities under consideration. Likewise, each neighboring region will provide status updates to its stakeholders at the appropriate regional planning process meetings.

3. Section 4: Interregional Cost Allocation

1. General Description of the Agreed-Upon Cost Allocation Methodology

¹⁴ *Id.* at P 436.

¹⁵ *Id.*

¹⁶ *Id.* at P 458.

Order No. 1000 requires each public utility transmission provider within a region to develop a method or set of methods for allocating the costs of new interregional transmission facilities that two (or more) neighboring transmission planning regions determine resolve the needs of each region more efficiently or cost-effectively than the construction of separate regional transmission facilities.¹⁷ An interregional transmission facility is defined as one located in two or more transmission planning regions.¹⁸ Order No. 1000 requires that public utility transmission providers in each of the neighboring transmission planning regions have a common method or methods for allocating the cost of new interregional transmission facilities among the beneficiaries of such facilities in the two neighboring regions in which the facility is located.¹⁹ An interregional transmission facility must be selected in both of the relevant regional transmission planning processes for purposes of cost allocation in order to be eligible for interregional cost allocation.²⁰ Finally, the agreed-upon interregional cost allocation methodology must satisfy six cost allocation principles adopted in the Order.²¹

The avoided cost methodology presented herein satisfies these requirements. Pursuant to Order No. 1000's requirements, the SCRTP-SERTP Joint Proposal requires that the project be located in both of the regions and interconnected with one or more transmission providers, owners, and/or Sponsors within each of their regions. Consistent with Order No. 1000, this proposal requires that the interregional project must be proposed (and ultimately selected for purposes of interregional cost allocation) in both the SCRTP and SERTP regional plans, in addition to meeting certain prerequisites that the projects and developers must satisfy (*i.e.*, the qualification criteria and submittal requirements).

The primary purpose of the proposed interregional cost allocation methodology is to provide a means for SCRTP and SERTP to allocate an interregional project's costs between the regions where it would be located. In general, the proposed avoided cost methodology involves the calculation of the total avoided cost benefits for both regions. In determining this interregional total, both regions would calculate the cost of all the transmission projects identified in their respective regional and local plans that would be displaced by the proposed interregional transmission project. Stated differently, the benefits of an interregional project would be the cost savings received by displacing the higher cost regionally and locally planned transmission project(s) in both regions with a more efficient and/or cost effective proposed interregional project(s) that addresses regional and local needs previously intended to be addressed by the displaced project(s). The entities who have their transmission projects displaced by the proposed interregional project, and thereby would receive costs savings, would be the beneficiaries themselves or would benefit on behalf of their customers.

The proposed interregional project's costs would then be allocated between the regions on a *pro rata* basis based upon the ratio of each region's displaced/avoided costs compared to the

¹⁷ *Id.* at P 482.

¹⁸ *Id.*

¹⁹ *Id.* at P 578.

²⁰ *Id.* at P 582.

²¹ *Id.* at P 603.

total displaced/avoided costs for both regions where the facility would be located. Allocation within each region is not addressed by this proposal, other than to indicate that further cost allocation within the region is left to the respective regional planning processes. Importantly, given the iterative nature of transmission planning and the fact that for most of these types of significant, regional and interregional projects there is a fair amount of lead time prior to parties committing to a project, the proposal provides that the allocation will be based upon the most recent regional benefits calculation performed prior to the project being selected for regional cost allocation processes in the pertinent regional plans.

The transmission project for interregional cost allocation will be included in the regional transmission plans after each region has performed all evaluations included in their respective regional processes, along with all requisite approvals and, if applicable, agreements being obtained from the regional processes necessary for the project to be included in the affected regional transmission plans. The interregional proposal further provides that once selected, the interregional project may be removed from the affected region's plans if it fails to meet requisite project milestones, if it is removed pursuant to the regional reevaluation procedures, or if the project is removed from the neighboring region's regional plan for purposes of cost allocation.

2. The Agreed-Upon Methodology Satisfies Order No. 1000's Interregional Cost Allocation Principles

The methodology agreed upon by the SCRTP and the SERTP Sponsors satisfies Order No. 1000's six interregional cost allocation principles.²²

a. Principle One: Allocation Commensurate with Estimated Benefits

The agreed-upon methodology would allocate the costs of interregional projects in proportion to the quantifiable benefits of avoided/displaced transmission. Utilizing this metric satisfies the requirement that costs must be allocated in a manner roughly commensurate with the estimated benefits to each region (Cost Allocation Principle 1)²³ because the costs are allocated in proportion to the quantifiable benefits of avoided/displaced transmission. In the context of cost allocation within a planning region, the Commission has found that a cost allocation that includes avoided costs “could be a reasonable approach for allocating costs in a manner that is roughly commensurate with benefits.”²⁴ The Commission specifically approved an avoided cost

²² Interregional Cost Allocation Principle 1 provides that costs are to be allocated roughly commensurate with benefits; Interregional Cost Allocation Principle 2 provides that there will be no involuntary cost allocation to non-beneficiaries; Interregional Cost Allocation Principle 3 provides that if a benefit-to-cost ratio is used, it may not include a ratio exceeding 1.25 absent Commission approval; Interregional Cost Allocation Principle 4 provides that costs for an interregional transmission facility must be assigned only to transmission planning regions in which the transmission facility is located unless those outside voluntarily assume cost responsibility; Interregional Cost Allocation Principle 5 requires a transparent method for determining benefits and identifying beneficiaries, and allocating costs; and Interregional Cost Allocation Principle 6 allows for different cost allocation methods for different types of facilities. *See* Order No. 1000, P 603, *et seq.*

²³ Order No. 1000 at P 622.

²⁴ *Avista Corp.*, 143 FERC ¶ 61,255 at P 300 (2013), citing *S.C. Elec. & Gas Co.*, 143 FERC ¶ 61,058 at P 232 (2013); *Pub. Serv. Co. of Colorado*, 142 FERC ¶ 61,206 at P 312 (2013).

approach for allocating the cost of reliability projects within a region, finding that it “reasonably captures the benefits of such projects.”²⁵

Utilizing an avoided/displaced cost allocation metric facilitates the comparison of the costs of an interregional project with a project(s) which has already been determined to provide benefits to the planning region. Therefore, replacing an already existing project with a comparable, or more cost efficient, interregional project ensures that the cost and benefits are roughly commensurate in a manner that identifies cost-effective and efficient solutions to address transmission needs.

Moreover, notwithstanding regional cost allocation approaches, an avoided cost approach to interregional cost allocation is particularly appropriate in light of the purpose of interregional coordination under Order No. 1000. As the Commission explained in Order No. 1000-A, its interregional coordination reforms do *not* require the establishment of interregional planning processes to develop integrated interregional plans, but rather call upon public utility transmission providers to consider “whether the local and regional transmission planning processes result *in transmission plans* that meet local and regional transmission needs more efficiently and cost-effectively, after considering opportunities for collaborating with public utility transmission providers in neighboring transmission planning regions.”²⁶ Since the purpose of interregional coordination is thus to determine whether an interregional project might displace one or more projects included in regional or local transmission plans, the cost of the displaced projects represents a reasonable measure of the benefits of the interregional project for cost allocation purposes.

The use of an avoided cost approach for the SCRTP-SERTP Joint Proposal is particularly appropriate given the bottom-up transmission planning employed in the two regions. As previously discussed, Order No. 1000 expressly provides that the interregional coordination procedures may use a bottom-up planning process,²⁷ which is a necessity for the SCRTP, and SERTP since the transmission planning in those regions builds upon often State-regulated, IRP planning. Elsewhere, the Order repeatedly holds that the Commission is not requiring IRP planning or disrupting the States' regulation thereof.²⁸ To the best of the SCRTP and SERTP's collective knowledge, the avoided cost methodology *is the most consistent, if not the only*, cost allocation methodology that is consistent with, and avoids significant disruption to, their bottom-up and IRP planning. This is because the avoided cost methodology looks to see if there is a more cost effective or efficient transmission solution to satisfy *system need(s) identified in the IRP and other bottom-up planning* processes, as opposed to other methodologies that might look to identify other or alternative system needs by overriding the resource solutions and decisions

²⁵ *Pub. Serv. Co. of Colorado*, 142 FERC ¶ 61,206 at P 312.

²⁶ Order No. 1000-A at P 511 (emphasis added). See also Order No. 1000 at P 368, where the Commission explained that it was requiring further reforms in interregional coordination because, in the absence of coordination between regions, transmission providers “may be unable to identify more efficient or cost-effective solutions to the individual needs identified in their respective local and regional planning processes, potentially including interregional transmission facilities.”

²⁷ Order No. 1000 at P 158.

²⁸ *Id.* at P 212.

incorporated in those bottom-up planning processes. For example, the use of production cost analyses, if applied at a regional or interregional level, would disrupt such IRP and bottom-up planning if it identified different solutions to address a load serving entity's resource needs (*e.g.*, by altering dispatch patterns, assuming an alternate set of network resources, or assuming other changes would be made to resource plans). Therefore, the use of the avoided cost methodology is consistent not only with Order No. 1000's holding that the use of bottom-up planning is appropriate for interregional coordination, but also with Order No. 1000's repeated statements that the Commission is not disrupting IRP planning or the States' regulation thereof.²⁹

Measuring the benefits of interregional transmission projects for cost allocation purposes through the avoided cost/displaced approach is also appropriate in light of the ability of each region to decline to select an interregional project in its regional plan for cost allocation purposes if the project is not cost-effective for that region.³⁰ Allocating an interregional project's cost in proportion to the costs of the regional or local project or projects that it would displace takes into account the voluntary nature of interregional coordination and results in a close "alignment of transmission planning and cost allocation," which was a "central underpinning" of the Commission's interregional coordination reforms.³¹

b. Principle Two and Principle Four: No Involuntary Allocation to a Region that Does Not Benefit or in Which a Facility Is Not Located

The avoided cost approach included in the interregional coordination proposals discussed herein complies with Cost Allocation Principle 2³² and Cost Allocation Principle 4.³³ Only a transmission provider or transmission owner in the regions in which the facility would be located that avoids transmission costs would be allocated the cost of the interregional project.

Principle 4 also requires that the interregional planning process identify the consequences of an interregional facility for other regions, such as upgrades that may be required there, and, if there is an agreement to share the costs of such upgrades, the allocation method must address those costs.³⁴ The cost allocation approach adopted by the SCRTP and the SERTP does not

²⁹ Furthermore, and even though Order No. 1000 clearly holds that public policy and economic considerations are not required to be addressed by interregional coordination procedures, the Jurisdictional SERTP Sponsors and the public utility transmission providers in the FRCC and SCRTP emphasize that their avoided cost methodology does, in fact, address those considerations in both regional planning and interregional coordination (at least for purposes of the FRCC, SCRTP, and SERTP). SCE&G's Request for Rehearing filed in Docket No. ER13-107-003 explains in detail why this is the case. Rather than repeat those arguments here since Order No. 1000 clearly provides that economic and public considerations are not required at the interregional level, reference is made to SCE&G's request for rehearing. *See id.* at pp.5-8.

³⁰ *See* Order No. 1000-A at P 512. This ability is an outgrowth of the requirement that an interregional project be selected for interregional cost allocation in the regional plans of the affected regions. *Id.* at P 509.

³¹ Order No. 1000 at P 582.

³² *Id.* at P 637.

³³ *Id.* at P 657.

³⁴ *Id.*

provide for the sharing of costs of upgrades that might be required in a region in which an interregional facility is not located.

c. Principle Three: Benefit-Cost Threshold

The avoided/displaced cost methodology also satisfies Cost Allocation Principle 3³⁵ because the SCRTP/SERTP seam does not apply an interregional cost-benefit analysis. Instead, each region will calculate the regional benefit-to-cost (“BTC”) ratio consistent with its regional process and compare the BTC ratio to its respective threshold to determine if the interregional project appears to be more efficient or cost effective than those projects included in its current regional or local transmission plan.

d. Principle Five: Transparency

Since the benefits that form the basis of cost allocation under the avoided cost approach are readily quantifiable, the cost allocation method and data requirements for determining benefits and identifying beneficiaries would be transparent, satisfying Cost Allocation Principle 5. Moreover, there would be sufficient documentation to allow stakeholders to determine how the cost allocation method was applied to a proposed facility.³⁶

e. Principle Six: Flexibility to Use Single or Multiple Methodologies for Different Projects

Finally, with regard to Cost Allocation Principle 6,³⁷ this straightforward approach would apply to all types of transmission facilities proposed for Interregional CAP.

2. Detailed explanation of Section 4

Section 4 of the proposed interregional tariff language details the mechanics of the cost allocation methodology adopted under the SCRTP-SERTP Joint Proposal. As already explained herein, the use of an avoided cost allocation methodology fully complies with Order No. 1000’s interregional cost allocation requirements.

Section 4.1 specifies the criteria that must be met for an interregional project to be considered for purposes of cost allocation between the SERTP and SCRTP regions. Simply, the proposed project must be located in, and interconnect to sponsors’ facilities located in, the two regions and must satisfy the project criteria within each region’s regional process. The latter reflects Order No. 1000’s requirement that interregional projects selected for cost allocation be selected in each region’s regional transmission planning process for purposes of cost allocation.³⁸ In that vein, the project must be proposed for purposes of cost allocation in both regional transmission planning processes pursuant to the respective project submittal requirements. Importantly, case-by-case flexibility is provided at Section 4.1.B should an interregional

³⁵ *Id.* at P 646.

³⁶ *Id.* at P 668.

³⁷ *Id.* at P 685.

³⁸ *Id.* at P 436.

proposal not satisfy all of those criteria provided that (among other things) the project meets the threshold criteria for a project to be included in at least one of the region's regional transmission planning process.

Section 4.2 documents the procedures for evaluating the cost allocation methodology. Section 4.2A essentially provides that the SCRTP and SERTP public utility transmission providers will evaluate the proposal through their regional processes to determine whether the proposed project addresses transmission needs currently addressed by projects in their local or regional transmission plan and (if so) which projects would be displaced. Based upon that evaluation, Section 4.2B provides that each region will quantify a "Regional Benefit" that is based upon the transmission costs that each region is projected to avoid due to its transmission projects being displaced by the proposal. Importantly, this "Regional Benefit" is specific to only the interregional cost allocation between the SERTP and SCRTP for an interregional project located within both regions and is not intended to be the equivalent of any benefit calculation at the *regional* level, as the regional cost allocations may provide for other or perhaps more detailed considerations.

Section 4.3 provides that the costs of an interregional project selected by the two regions for purposes of interregional cost allocation will be divided between the two regions based on the ratio of the each region's regional benefit to the sum of the benefits identified for both regions. Otherwise, each region will calculate a regional benefit to cost ratio consistent with its regional process (but again, the anticipated allocation of the costs to each region will be based upon the ratio of the region's Regional Benefit to the sum of the Regional Benefits identified for both the SCRTP and SERTP). *See* Section 4.3B.

Order No. 1000 provides that for an interregional project to be selected for Interregional CAP purposes, it must first be selected for regional CAP purposes in the pertinent regions.³⁹ Consistent with those requirements, Section 4.4 provides that an interregional project proposed for Interregional CAP in both regions will be included in their respective regional plans essentially once it has been so selected through the regional planning processes for both the SERTP and SCRTP. Once so selected for both regional CAP and Interregional CAP, Section 4.5 specifies that the actual allocation of the interregional project's costs to the regions will be made based upon each region's ratio of Regional Benefits to total Regional Benefits for both the SCRTP and SERTP.

Consistent with Order No. 1000's holdings regarding project milestones and the need for an interregional project to have the approval of both regional processes, Section 4.6 provides that an interregional project may be removed from the regions' regional plans if it fails to meet project milestones, if it is removed pursuant to a region's reevaluation procedures, or if the project is otherwise removed from one of the region's regional transmission plans. Section 4.7 addresses potential abandonment by the developer of the interregional project, and essentially codifies Order No. 1000's holdings in that regard providing for potential project completion by the transmission provider(s), the substitution with project alternatives, and the potential for a NERC registered entity providing a NERC mitigation plan should the abandonment lead to NERC reliability standard violations.

³⁹ *Id.* at P 436.

IV. The Dissolution of the Southeast Inter-Regional Participation Process ("SIRPP")

SCE&G, in concurrence with the other participants of the Southeast Inter-Regional Participation Process ("SIRPP"),⁴⁰ is hereby proposing to dissolve and otherwise terminate the SIRPP. By way of background, and as explained in SCE&G's December 7, 2007 Attachment K Compliance Filing made in Docket No. OA07-36 in response to Order No. 890's transmission planning requirements, the SIRPP was adopted pursuant to guidance from Commission Staff "that Attachment K needs to provide a means for, among other things, stakeholders to request inter-regional economic studies."⁴¹

As indicated above, the SIRPP provides for the performance of stakeholder-requested, hypothetical planning studies across the SIRPP's collective footprint as well as providing a forum for the SIRPP Sponsors to provide stakeholders with updates regarding SERC-wide transmission assessment efforts. And while not required by Order No. 890 (which established no requirements for interregional transmission planning efforts), the adoption of the SIRPP implicated several of the Order No. 890 planning principles, particularly the regional participation principle (in that the SIRPP involved coordination efforts between the neighboring utilities) and the economic planning principle (in that the SIRPP provided for certain, stakeholder-requested economic planning studies). As such, the SIRPP is specifically described in SCE&G's currently effective Attachment K at Appendix K-5.

While Order No. 890 did not adopt specific requirements at the interregional level, Order No. 1000 does. As repeatedly described above, Order No. 1000 establishes interregional coordination and interregional cost allocation requirements.⁴² And while Order No. 1000 thereby established specific data exchange, joint evaluation, transparency, cost allocation and other requirements at the interregional level, the Commission declined to apply the Order No. 890 transmission planning principles to the interregional level.⁴³ Consistent with the Commission's decision to *not* apply Order No. 890's transmission planning principles, including the economic planning principle, at the interregional level SCE&G, in concurrence with the other SIRPP participants, hereby proposes to dissolve and otherwise terminate the SIRPP. The revised tariff sheets hereby provided by SCE&G include revisions that effectuate the foregoing by removing references to the SIRPP.

Recent developments further reinforce terminating the SIRPP because the SIRPP now serves little purpose. The expansion of the SERTP means that the bulk of the SIRPP collective

⁴⁰ The SIRPP participants include all of the SERTP Sponsors (except for OVEC) and also SCE&G and Entergy (although Entergy will withdraw from the SIRPP once Entergy transfers its transmission planning activities to MISO, which SCE&G understands to be effective December 19, 2013).

⁴¹ SCE&G Transmittal Letter at p. 2. filed December 7, 2007 in Docket No. OA07-36.

⁴² Order No. 1000 at PP 345-481, PP 566-693.

⁴³ See Order No. 1000 at P 399 ("We decline to adopt the recommendations of those commenters that suggest that the Commission adopt a more robust, formalized interregional transmission planning process than the interregional transmission coordination requirements in the Proposed Rule.").

footprint is now subsumed within the SERTP. In this regard, the Commission has accepted for filing Entergy's transfer of its transmission planning operations to MISO, meaning that Entergy will no longer participate in the SIRPP once that transfer becomes effective at the end of the year. Accordingly, the original goals sought by the creation of the SIRPP – to allow for stakeholder-requested studies for the SIRPP footprint and to provide updates of SERC-wide activities – will prospectively be effectuated essentially by the expanded SERTP. This is because Order No. 890's economic planning principle *does* apply to the expanded SERTP's regional planning, meaning that the SERTP now provides the venue for stakeholders to submit economic study requests for the geographic footprint previously constituting the bulk of the SIRPP. Moreover, the development of the SERTP regional plan will also essentially be providing stakeholders with updates at the SERC-wide level.

Importantly, SCRTP informed its stakeholders of its intent to dissolve the SIRPP at the June 13, 2013 stakeholder meeting holding to discuss the SCRTP proposal to comply with Order No. 1000's interregional requirements. In response to that proposal, no questions or comments were received. See meeting presentation, available at <http://www.scrtp.com/NR/rdonlyres/6A08E8CC-1AF8-479F-ABCD-95710DD8A378/0/SCRTPSG20130613PresentationMaterialFINAL.pdf>.⁴⁴

V. Request for Waiver

SCE&G is making this filing in compliance with the Commission's interregional directives in Order No. 1000. By making this filing in compliance with that Order, SCE&G understands that it has hereby satisfied any of the Commission's filing requirements that might apply. Should any of the Commission's regulations (including filing regulations) or requirements that we may not have addressed be found to apply, SCE&G respectfully requests waiver of any such regulation or requirement.

VI. Effective Date

Order No. 1000 acknowledges that it might become effective during the middle of a transmission planning cycle and therefore directed public utility transmission providers to explain in their respective compliance filings how they intend to implement Order No. 1000's requirements.⁴⁵ Consistent with the foregoing, SCE&G proposes that its revisions herein become effective in the transmission planning cycle and in coordination with its neighboring transmission planning region. The SERTP Sponsors assume that their regional planning proposals will likely become effective January 1, 2014, meaning they expect these interregional proposals to become effective January 1, 2015. Although SCE&G expects that the effective date will be January 1, 2015, it is using the date 12/31/9998 in its electronic metadata to reflect that there is some uncertainty in this regard. For example, should the Commission require extensive

⁴⁴ See also SERTP 5/28/13 Interim Stakeholder Meeting Notes, available at: <http://www.southeasternrtp.com/General/2013/May%2028th%20Interim%20Meeting%20-%20Order%201000%20Notes.pdf> (providing that no comments or questions were received in response to the SERTP Sponsors' SIRPP proposal).

⁴⁵ See Order No. 1000 at P 162.

changes, it may not prove feasible to effectuate those changes to the transmission planning process by January 1, 2015.

VI. Conclusion

SCE&G respectfully requests that the Commission grant the waivers requested herein and accept this Revised Attachment K to the OATT in compliance with Order No. 1000's interregional coordination requirements. If you should have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/J. Ashley Cooper

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Company

