

ATTACHMENT K

Transmission Planning Process

I. INTRODUCTION

SCE&G has a history of cooperative and coordinated planning with its customers for services provided to those customers. SCE&G also has a history of working and coordinating with neighboring utilities to ensure the most cost-effective and/or efficient transmission expansion plans are selected that achieve reliability requirements and accommodate identified economic opportunities.

The local transmission planning process refers to the process that SCE&G performs for its individual retail distribution service territory and pursuant to Order No. 890. SCE&G annually prepares a local transmission expansion plan for its own area (the “Local Transmission Plan”), which is developed through an open and non-discriminatory process, to meet the needs of all customers (Native Load, Network Service, Long-term Point-to-Point Service and Generator Interconnection Service). These local planning activities include long-standing coordinated assessment processes that include all transmission providers of interconnected systems by sharing local transmission expansion plans to determine if they are simultaneously feasible, to ensure the most efficient or cost-effective alternatives for needed transmission expansion are considered and to ensure that consistent assumptions and data are used in identifying system enhancements required to meet reliability standards.

In 2007, in accordance with Order No. 890's nine planning principles, SCE&G expanded its transmission planning process in order to promote a more open, transparent and coordinated approach to transmission planning in South Carolina on a local level and on a regional level. As an addition to the planning process, SCE&G established with The South Carolina Public Service Authority (Santee Cooper), the South Carolina Regional Transmission Planning (SCRTP) process, the South Carolina Regional Stakeholder Group (SCSG), and a dedicated website for this process. This process, described more fully below, was developed in order to promote openness, transparency, comparability and the exchange of information consistent with the principles expressed in Order No. 890, thereby reducing the potential for and the false perception of undue discrimination in the planning process. The elements of SCE&G's current planning process address the nine planning principles that the Commission articulated in Order No. 890.

While not displacing or impeding local planning, Order No. 1000 built upon Order No. 890's nine planning principles to require more formalized transmission planning within and between regions. To comply with the requirements of Order No. 1000, SCE&G and Santee Cooper together will produce a regional transmission plan, which includes the regional transmission projects that have been selected for purposes of cost allocation (the “Regional Transmission Plan”). Those projects selected in the plan for purposes of cost allocation must have been determined to be more cost-effective or efficient than those projects identified in SCE&G and Santee Cooper's individual Local Transmission Plans or the

Regional Transmission Plan. Like the Local Transmission Plan, the Regional Transmission Plan is designed to meet the specific service requests for all customers taking service under the SCE&G OATT and treats similarly-situated customers comparably.

SCE&G and Santee Cooper will serve as the initial enrolled Transmission Providers of the region, and will utilize the SCRTP structure, including the SCSG meetings and the SCRTP website, as the mechanism for communicating with Stakeholders in the regional transmission planning process. Enrollment will subject Enrollees to cost allocation if, during the period in which they are enrolled, it is determined in accordance with this Attachment K that the Enrollee is a beneficiary of a new transmission project(s) selected in the regional transmission plan for purposes of cost allocation, provided that the Enrollee has not withdrawn in accordance with its rights in Section III.B.

Consistent with Order No. 1000, the Transmission Providers may continue to meet their reliability needs or service obligations by choosing to build new transmission facilities that are located solely within their individual Balancing Areas or footprints and that are not submitted for regional cost allocation.

In accordance with Order No. 1000's interregional coordination requirements, the enrolled Transmission Providers within the SCRTP coordinate with the public utility transmission providers in the Southeastern Regional Transmission Planning Process ("SERTP") to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures are hereby provided in Appendix K-6 and any additional materials may be provided on the SCRTP Regional Planning website.

II. DEFINITIONS

- A. Developer: An entity that seeks to develop a Regional Project.
- B. Initial Screening Criteria: The criteria upon which the Transmission Providers evaluate whether a proposed Regional Project is eligible to be considered for cost allocation, as described in Section VII.F.
- C. Merchant Transmission Developer: An entity that seeks to develop, is developing, or has developed a transmission project within the SCRTP footprint for which cost recovery is sought through negotiated rates instead of cost based rates.
- D. Public Policy Requirement: A requirement that is stated in state, federal, or local law or regulation (including order of a state, federal, or local agency).
- E. Qualified Developer: A Developer that has been selected as eligible to request cost allocation for a proposed Regional Project pursuant to the criteria of Section VII.E.

- F. Qualification Application: An application submitted to the Transmission Providers by a Developer seeking to establish its eligibility to request cost allocation for a proposed Regional Project.
- G. Regional Project: A project proposed for purposes of regional cost allocation that meets the criteria listed in Section VII.A.
- H. Upgrade: An improvement to, addition to, or replacement of a part of an existing transmission facility.

III. SCRTP STRUCTURE AND PROCESS

A. Overview

The SCRTP process was established pursuant to Order No. 890 in order to provide for the exchange of information and open communication, through public input by its SCSG members consistent with the expectations for open, transparent, comparable and coordinated regional transmission planning as articulated by the FERC in Order No. 890. The SCRTP process also will be used for the Order No. 1000 regional transmission planning process, providing entities an opportunity to submit regional transmission solutions and SCSG members an opportunity to provide input on the Transmission Providers' consideration of such proposals. SCE&G and Santee Cooper established a dedicated website ("the SCRTP website") (www.scrtp.com) for the SCRTP process. A link to this website is available via SCE&G and Santee Cooper's OASIS. This website will be utilized to provide information regarding SCE&G's planning processes.

Local Transmission Planning:

The SCRTP process provides interested entities the opportunity via the SCSG meetings and the SCRTP website to understand and provide input, comments and questions regarding the study process prior to formulation of the Local Transmission Plan. The SCSG meeting process allows for the exchange of information and input into the planning process on a comparable basis and thereby eliminates the potential for undue discrimination.

To promote transparency and enable Stakeholders to replicate the result of the Transmission Provider's planning studies and thereby reduce the incidence of after-the-fact disputes regarding whether transmission planning has been conducted in an unduly discriminatory fashion, SCE&G will make available, during the relevant SCSG meetings and/or on the SCRTP website, information concerning the basic methodology, criteria, and process the Transmission Provider uses to develop its plan. Information will be placed on the SCRTP website, with some information being placed under the restricted access section and available to those entities that are eligible to receive Confidential and/or CEII information.

Regional Transmission Planning:

The SCRTP Process also provides entities an opportunity to propose and review Regional Projects for inclusion in the Regional Transmission Plan. This process establishes a transparent and non-discriminatory process for Stakeholder involvement in the regional transmission planning process, including access to models and data used in the transmission planning process in a manner consistent with the access given to Stakeholders through the Order No. 890 planning process.

B. Participating in SCRTP Process

The Transmission Providers will host a series of local and regional SCSG meetings to provide a forum for open and transparent transmission planning for SCE&G's local and regional transmission planning. Any individual or entity may attend these meetings, participate in the process, and consider joining the SCSG.

Stakeholder membership in the SCSG for both local and regional SCRTP processes, is divided into the following 8 sectors:

- Transmission Owners/Operators/Developers
- Transmission Service Customers
- Cooperatives
- Municipals
- Marketers
- Generation Owners/Developers
- ISO/RTO
- State Regulatory Representatives (non-voting)

Participants in the SCRTP process will be responsible for their own costs of participation.

Merchant transmission developers are not required to participate in the SCRTP process, but are required to provide information to the Transmission Providers in accordance with Section VII.E.3.

In order to enroll as a Transmission Provider in the transmission planning region, an entity must offer transmission service under a publically available transmission tariff and must be registered with NERC as a Planning Authority and a Transmission Service Provider within the regional footprint. Administrative costs attributable to the enrolled Transmission Providers will be allocated among the enrolled Transmission Providers on an equal basis.

Should any entity wish to enroll as a transmission provider in the SCRTP, it should submit a written request to enrollment@scrtp.com. A list of the enrolled Transmission Providers is provided as Appendix K-7.

An enrolled Transmission Provider wanting to terminate its enrollment in the SCRTP may do so by providing written notification of such intent to the other enrolled Transmission Providers any time, to be effective not sooner than 60 days after notice. The withdrawing enrollee will not be responsible for regional or interregional costs for any project that has not yet been selected under this Attachment K for inclusion in the Regional Transmission Plan as of the time notice of withdrawal is effective. If a non-public utility transmission provider enrollee provides written notification of intent to withdraw to the other enrolled Transmission Providers to be effective not sooner than 60 days after notice, any impacted project that has not been selected under this Attachment K for inclusion in the Regional Transmission Plan prior to the effective date of the withdrawal will be reevaluated, using the methods described in this Attachment K.

C. SCSG Procedural Aspects

- SCSG meetings are open to the public.
- SCSG members determine their sector affiliation; participants must provide information to validate their sector affiliation.
- SCSG members will provide input regarding proposed Regional Projects.
- Each sector within the SCSG has two voting members (14 total voting members).
- One vote per member; majority rule.
- Voting members will be determined on a biennial basis (on even numbered years) by the sector membership, and no more than one voting member may be selected from any entity.
- SCSG can vote to change the number and timing of meetings with agreement by SCE&G, but changes must support the model development process and planning cycle.

D. Protection of Confidential Information and CEII

Publicly available information disclosed at the SCSG meetings also will be made available on the SCRTP website. Information that is Confidential and/or CEII will be made available on a secured portion of the SCRTP website to Stakeholders who meet SCE&G's eligibility requirements to receive Confidential Information and/or CEII. SCE&G will utilize the Application for Access to the SCRTP Secure Website and the Non-disclosure Agreement posted on the SCRTP website to determine a Stakeholder's eligibility to receive Confidential Information and/or CEII. This protection of Confidential Information and/or CEII applies to local, regional and

interregional transmission planning. SCE&G classifies information as CEII based upon the FERC's most current definition of CEII.

E. SCSG Meetings

SCE&G and Santee Cooper arrange and host the SCSG meetings at locations within their service territories. These meetings will serve as the vehicle to allow for the exchange of information between SCE&G and its Stakeholders. Notification of and a schedule of these meetings will be posted on the SCRTP website. An open email distribution list will be maintained by SCE&G and Santee Cooper to email notices of meetings and other planning-related communications.

The schedule for the SCSG meetings tracks the planning process timeline to allow SCE&G to communicate information to its Stakeholders at each stage of the local planning process and allow Stakeholders to participate not only in the exchange of information but also allow Stakeholder input at relevant points of the planning process. This will allow Stakeholder input at the beginning stage when the current Local Transmission Plan is reviewed, Regional Projects are proposed, and new issues are identified to be modeled and studied as the planning cycle starts over. Stakeholders are then updated at various times during the year regarding the studies and they are afforded the opportunity to ask questions about the studies, offer input and request additional studies. SCE&G will make available, during stakeholder meetings and/or on the SCRTP website, sufficient information concerning the basic methodology, criteria and processes used to allow stakeholders and third parties to replicate the results of transmission studies. The number of meetings per year when information on the local planning process and the Local Transmission Plan will be presented and discussed are subject to change by decision of the SCSG and SCE&G over time. Any revision to this schedule must support existing planning activities in model development and system analyses.

The schedule for the SCSG meetings when information on the regional transmission planning process and the Regional Transmission Plan will be presented and discussed tracks a two year planning cycle that the Transmission Providers use to review Regional Projects proposed for inclusion in the Regional Transmission Plan. This two year cycle provides sufficient time for entities to review the Transmission Providers' Local Transmission Plans, propose Regional Projects, and for Stakeholders to review and comment on these proposals. Finally, this two year cycle permits the Transmission Providers adequate time to effectively review the proposals and the Stakeholder comment. For these reasons, on an ongoing basis, the Transmission Providers will determine, with input from SCSG members, if any changes to the SCSG regional meeting schedule are required.

Based on the planning timeline for local and regional transmission planning, the Transmission Providers developed the below outline and brief description of the substance of these meetings and the information that will be communicated and

discussed. A visual representation of this schedule is available in Appendix K-3 and Appendix K-4.

1. Local Transmission Planning Process:

Meeting 1 (October/November/December time frame)

- Meeting 1 is scheduled to occur prior to the initiation of SCE&G's annual Reliability Transmission Planning (RTP) studies examining system performance against NERC Standards and SCE&G Criteria. This will allow an opportunity for Stakeholder input into the study processes and the sharing and reviewing of planning-related data and analyses before studies are actually conducted and will ensure that up-to-date information is modeled and included in the reliability study processes.
- SCE&G will review and discuss with Stakeholders the key assumptions and data used for internal model development in the RTP process.
- Stakeholders will provide input on key assumptions and modeling data used in the RTP process, including but not limited to: (a) Network Customers' Network Load Forecasts, in the form of a 10-year summer and a 10-year winter load forecast starting with the next summer period, and Network Resources Forecasts, in the form of identified resources for the next 10 years; and (b) Point-to-Point Customers' forecasts, in the form of identified customer expectations over the next 10 years. Stakeholders also will provide any updates to the information submitted in the customer's application for service. This information shall be provided by October 31 of each year and may be submitted by email or in hardcopy form to SCE&G. Information received will be subject to protection for confidentiality. This information submitted by stakeholders through the local transmission planning process will be utilized in identifying and evaluating local and regional transmission solutions for transmission needs.
- A schedule for completion of RTP studies will be established.
- SCE&G will review all major projects included in its current Local Transmission Plan.
- SCE&G will announce those transmission needs driven by

Public Policy Requirements, of those proposed by stakeholders, for which transmission solutions will be evaluated.

- Stakeholders have the opportunity to discuss and provide comments on the current transmission expansion plans in order to provide input and feedback for the development of the next plan.

Meeting 2 (January/February/March time frame)

- Stakeholders will identify and request economic power transfer sensitivities to be studied as part of the Economic Transmission Planning (ETP) Studies.
- Up to five sensitivities will be studied per year. If more than five are requested, voting members of the SCSG will vote to select which sensitivities will be studied. See Section V for additional information.
- Stakeholders may submit local solutions to identified transmission needs driven by Public Policy Requirements. The proposed local solutions must be submitted by January 15 of each planning cycle. See Section VI for additional information.

Meeting 3 (April/May/June timeframe)

- Stakeholders may submit comments on local solutions proposed to meet transmission needs driven by Public Policy Requirements.

SCE&G will review:

- the initial study results (for Stakeholder input) and final study results (including Stakeholder input) of its RTP studies, which include studies conducted to measure the performance of the SCE&G transmission system against the applicable NERC Reliability Standards and the SCE&G Internal Transmission Planning Criteria. This review may occur by web conference or conference call, if needed, to maintain study schedules. Stakeholders will have the opportunity to provide comments and feedback on these results. All comments and feedback will be considered in the ongoing and perpetual planning process;

- two-party and multi-party RTP studies conducted with interconnected and other Eastern Interconnection transmission planners. This review may occur by web conference or conference call, if needed, to maintain study schedules. Stakeholders will have the opportunity to provide comments and feedback on these results. All comments and feedback will be considered in the ongoing and perpetual planning process;
- the most recent regional and interregional reliability assessment studies. This review may occur by web conference or conference call, if needed, to maintain study schedules;
- any revisions to the Local Transmission Plan being considered. Stakeholders can discuss possible alternatives to the proposed revisions. These alternatives may be in the form of other transmission expansion solutions, generation solutions, load-management solutions, etc. Viable alternative solutions to proposed upgrades will be considered in the ongoing and perpetual planning process; and
- information on how to acquire all data used to conduct the studies, such as, base cases, reports and criteria. All data released will be subject to Non-disclosure and Confidentiality agreements, as necessary.

Meeting 4 (July/August/September time frame)

- SCE&G will review, discuss and receive input from the SCSG on results of requested economic power transfer sensitivities conducted by SCE&G individually or regionally with Santee Cooper including:
 - o Impacted facilities
 - o Solution options
 - o Cost and time estimates
- SCE&G will review and explain to the SCSG and meeting attendees information on how to acquire all data and study assumptions used to conduct the power transfer sensitivity studies. All data released will be subject to Non-disclosure and Confidentiality agreements, as necessary.

FOR LOCAL PUBLIC POLICY ONLY:

Meeting 5 (October/November/December time frame)

- No scheduled activities

Meeting 6 (January/February/March time frame)

- SCE&G announces local solutions for transmission needs driven by Public Policy Requirements

Meeting 7 (April/May/June time frame)

- No scheduled activities

Meeting 8 (July/August/September time frame)

- Stakeholders may identify local transmission needs driven by Public Policy Requirements. These potential needs must be submitted for SCE&G's evaluation by July 15 of the second year of the planning cycle. See Section VI for additional information.

2. Regional Transmission Planning Process:

Meeting 1 (October/November/December time frame)

- The Transmission Providers' present the Local and Regional Transmission Plans.
- Stakeholders have the opportunity to ask questions and discuss the current Local and Regional Transmission Plans to fully understand the plans and the needs addressed by the plans.
- The Transmission Providers' announce which transmission needs driven by Public Policy Requirements, of those proposed by stakeholders, for which transmission solutions will be evaluated.

Meeting 2 (January/February/March time frame)

- Proposed Regional Projects may be submitted to be evaluated for inclusion in the Regional Transmission Plan. The deadline for submitting proposals each planning cycle is January 15. See Section VII.C. for additional information. The Transmission Providers will post all proposed Regional Projects on the SCRTP website.
- The Transmission Providers and Stakeholders may discuss the proposed Regional Projects.

Meeting 3 (April/May/June time frame)

- Stakeholders may submit comments on all proposed Regional Projects. Comments must be submitted by June 15. The Transmission Provider will post all comments on the SCRTP website.
- The Transmission Providers will review proposed Regional Projects and Stakeholder comments

Meeting 4 (July/August/September time frame)

- Transmission Providers and Stakeholders may discuss proposed Regional Projects and Stakeholder comments.

Meeting 5 (October/November/December time frame)

- The Transmission Providers provide a list of projects that satisfy the Initial Screening Criteria by October 15.

Meeting 6 (January/February/March time frame)

- Qualified Developers may request cost allocation for projects that satisfy the Transmission Providers' Initial Screening Criteria. Such requests must be submitted by January 15. See Section VII.D for additional information.

Meeting 7 (April/May/June timeframe)

- Stakeholders may submit comments on all requests for cost allocation submitted by Qualified Developers. Comments must be submitted by April 15. The Transmission Provider will post all comments on the SCRTP website.
- The Transmission Providers will review requests for cost allocation submitted by Qualified Developers and Stakeholder comments.
- Transmission Providers and Stakeholders may discuss requests for cost allocation submitted by Qualified Developers.

Meeting 8 (July/August/September timeframe)

- The Transmission Providers announce proposed Regional Projects selected for inclusion in the Regional Transmission Plan.

- Entities may identify regional transmission needs driven by Public Policy Requirements. These potential needs must be submitted for SCE&G's evaluation by July 15. See Section VII.B for additional information.

IV. LOCAL TRANSMISSION PLANNING

Transmission planning appropriately begins at the individual transmission system level. At the system level, the SCE&G transmission planning process provides a reliable, timely and economical Local Transmission Plan that on a non-discriminatory basis (1) meets SCE&G's obligation to serve native load, including native load growth, (2) provides the future transmission requirements of grandfathered wholesale agreements, (3) provides firm point-to-point transmission service, (4) provides network integration transmission service and (5) provides generator interconnection service.

The Local Transmission Plan is produced on an annual basis and provides for timely modifications and additions to the SCE&G transmission system to ensure reliable and economical transmission of electric power for our customers. Goals of the SCE&G local transmission planning process include developing a local plan and facilities to:

1. Transmit electric power from SCE&G generators to SCE&G native load and grandfathered wholesale customers.
2. Transmit electric power from off-system purchases to SCE&G native load and grandfathered wholesale customers
2. Provide Transmission Service to Point-to-Point (PTP) and Network Customers
3. Provide Interconnection Service to all generators
4. Maintain synchronism with the Eastern Interconnection

The Local Transmission Plan is a ten (10) year expansion plan for the SCE&G transmission system considering the current performance and capabilities of the transmission system and the required future performance and capabilities of the transmission system. The SCE&G local transmission planning process ensures that the SCE&G transmission system is compliant with NERC Reliability Standards and SCE&G's Transmission Planning Criteria. SCE&G also seeks to evaluate and plan additions/facilities, for customers, economically, with overall cost savings in mind.

SCE&G's Local Transmission Plan is based on the following drivers:

1. Reliability Standards and Planning Criteria
2. Native load distribution needs

3. Native load Industrial Customer needs
4. Firm PTP Transmission Service needs
5. Network/Wholesale Customer needs
6. Generator Interconnection needs
7. SCE&G's Integrated Resource Plan (IRP)
8. Actual system performance
9. Transmission needs driven by Public Policy Requirements

Any one or a combination of these drivers may require expansion of the SCE&G transmission system.

SCE&G is a registered Transmission Planner and performs planning analyses and interpretations using its own data and evaluation criteria that address NERC Transmission Planning (TPL) Reliability Standards and all other applicable Reliability Standards (see www.nerc.com) and the South Carolina Electric & Gas Company Transmission Planning Criteria (see "South Carolina Electric & Gas Company Transmission Planning Criteria," SCE&G OATT Attachment D).

A. Reliability Standards and Planning Criteria

SCE&G plans its transmission system to be compliant with the NERC Reliability Standards and to the South Carolina Electric & Gas Company Transmission Planning Criteria. These criteria dictate that the transmission system must be designed such that during any of the specified contingencies, only short-time overloads, low voltages, and local loss of load will occur; and after appropriate switching and re-dispatching, all non-radial loads can again be served with reasonable voltages, and all facilities can again operate within acceptable limits.

B. Types of Planning Studies Conducted

The SCE&G Local Transmission Planning Process utilizes power flow, transient stability, power transfer, short circuit studies and cost/benefit analyses to determine when and how transmission expansion will occur. Power flow and transient studies are performed annually in compliance with NERC Planning Standards for both 1-5 year and 6-10 year planning horizons. In addition to the NERC Reliability Standard requirements, SCE&G also performs transmission planning to meet SCE&G Transmission Planning Criteria. The process differs for power flow, transient stability, and short circuit "base simulation case" development and is described in each section below.

a. Power Flow Modeling Data

SCE&G's aggregated load data is used to create disperse system load models for the upcoming 10 years. Additional load information is obtained with input from customers. Other modeling components include generators, transmission lines, transformers, firm power transfers, capacitors, reactors, power circuit breakers, and FACTS devices. Power flow "base cases" are then developed by Transmission Planners within the SERC geographic area ("SERC area") through the SERC area Long Term Study Group (LTSG). The LTSG then provides its cases to the Eastern Interconnection Reliability Assessment Group (ERAG) Multi-regional Modeling Group (MMWG) for inclusion in the development of its cases.

b. Transient Stability Modeling Data

Transient stability "base cases" are developed by Transmission Planners within the SERC area through the SERC area Dynamics Study Group (DSG). These cases are then provided to the ERAG MMWG for inclusion in the development of its cases.

c. Short Circuit Modeling Data

Short circuit data is exchanged by the Transmission Planners through the SERC area Short Circuit Database Working Group (SCDWG).

Transmission planning studies also are performed for OATT PTP and Network Transmission Service Requests (TSR). TSR studies are performed in accordance with the SCE&G OATT. Transmission planning studies are performed for Generator Interconnection Requests (GIR). GIR studies are performed in accordance with FERC 18 CFR Part 35, "Standardization of Generator Interconnection Agreements and Procedures" issued July 24, 2003.

C. Cost/Benefit Analyses

One of SCE&G's transmission planning objectives is to develop a local plan that minimizes the long-term cost of expansion while maintaining expected levels of service and compliance with applicable standards. To accomplish this long-term, least-cost transmission expansion, SCE&G treats all resources on a comparable basis and gives consideration that is technologically neutral to every viable alternative solution to identified transmission needs. These alternative solutions may include new transmission facilities, modifications to existing transmission facilities, generation siting or load-management opportunities. The SCE&G planning process considers these alternative options in determining if and when transmission expansion is needed.

D. Joint Studies

As part of developing the Local Transmission Plan, transmission assessment studies are jointly conducted with neighboring transmission planners through the regional transmission assessment processes. These studies include near-term and long-term transmission assessment studies. Joint studies with neighboring transmission planners are performed on an annual cycle and as needed. The exchange of data and simulation cases for all studies is done in accordance with the "SERC Data Release Guidelines". Information regarding these studies is communicated to Stakeholders via the website and/or during a Stakeholder meeting.

E. The Local Transmission Planning Cycle

The SCE&G local transmission planning process is ongoing and perpetual. Proposed transmission plans are reviewed continuously as assessment and planning studies are conducted for numerous purposes. Any new input or adjustments to the study process or study results are reflected in all future studies.

The appended timeline illustrates how the SCE&G local planning processes described above take place over the course of a calendar year, including timelines and milestones for the coordination of models by SERC area Transmission Planners. The timeline is attached as Appendix K-2, "SCE&G Transmission Planning Process Timeline."

F. Local Transmission Plan Approval

After the modeling and assessment process is conducted, the Local Transmission Plan is produced that reflects consideration of alternatives to the local transmission expansion as submitted by Stakeholders or anyone else. SCE&G senior management approves the selected solution and if transmission expansion is the selected solution, the expansion project is included in the SCE&G transmission expansion plan, in accordance with applicable law.

V. ORDER NO. 890 ECONOMIC TRANSMISSION PLANNING STUDIES

A. Economic Transmission Planning Studies

The Economic Transmission Planning (ETP) Studies process allows Stakeholders to propose economic power transfers to be studied as part of the local transmission planning process. ETP Studies determine the facilities or system changes on the SCE&G transmission system to address congestion and/or increase transfer capability on any direct interface. The final results of this process include cost and time estimates associated with implementing the facilities or system changes. The intent of the ETP Studies process is to provide information to Stakeholders and is not a commitment to build.

As described in Section III.E.1, in Meeting 2, Stakeholders may identify and request economic power transfer sensitivities to be studied. All requested sensitivities will be considered except sensitivities that specify specific generation resources. Up to five sensitivities will be studied per year. If more than five are requested, voting members of the SCSG will vote to select which sensitivities will be studied. Sensitivities that are not selected by the SCSG as one of the five studied sensitivities will be studied only if the requestor(s) pays for the additional study efforts.

Stakeholders will consider clustering similar ETP Study requests. In this regard, if two or more ETP Study requests are similar in nature and SCE&G concludes that clustering such requests and studies is appropriate, SCE&G may, following communication with the Stakeholders, cluster those studies for purposes of the ETP Study and Report.

Requested economic power transfers with the source(s) and the sink(s) within the SCE&G transmission system will be studied by SCE&G. Requested transfers with the source(s) and the sink(s) within the SCRTP area will be jointly studied by SCE&G and Santee Cooper. Requested studies with the source(s) and/or the sink(s) outside the SCRTP area that are studied by SCE&G and Santee Cooper will include only the results for the SCRTP area and not include results for other areas.

B. Cost Allocation for Local Economic Projects⁴

1. General

The following provides SCE&G's methodology for allocating the actual costs of new local transmission facilities that do not fit under the general Tariff rate structure. In particular, this methodology addresses the allocation of the actual costs of local economic transmission upgrades that are identified in the Economic Planning Studies and that are not otherwise associated with transmission service provided under the Tariff and are not associated with the provision of transmission service under other arrangements, such as SCE&G's provision of bundled service to its Native Load Customers. Transmission Service on SCE&G's transmission system must be applied in a manner consistent with the requirements and procedures as stated in the Transmission Provider's Tariff.

2. Cost Allocation Methodology for Economic Upgrades:

- a. Identification of Economic Upgrades:** SCE&G's Local Transmission Plan will identify the transmission upgrades that are necessary to ensure the reliability of the transmission system and to otherwise meet the needs of long-term firm transmission service commitments ("Reliability Upgrades"). All of the upgrades identified in the Economic Planning Studies that are not identified in the transmission expansion plans, and are thus not such Reliability Upgrades, shall constitute "Economic Upgrades."

- b. Request for Performance of Economic Upgrades:** Within thirty (30) calendar days of the posting of the final results of the underlying Economic Planning Study(ies), one or more entities ("Initial Requestor(s)") that would like SCE&G to construct one or more Economic Upgrades identified in the Economic Planning Study(ies) may submit a request to comments@scrtp.com for the Transmission Provider to construct such Economic Upgrades on the secured area of the SCRTP website, along with an identification of the amount of megawatts of transmission capacity for which the Initial Requestor(s) would like to take cost responsibility. The request must consist of a completed request application, the form of which will be posted on the SCRTP website ("Economic Upgrade Application"). Other entities ("Subsequent Requestor[s]") that also would like the Transmission Provider to construct the Economic Upgrades sought by the Initial Requestor[s] may also notify the Transmission Provider of their intent by submitting such intent to comments@scrtp.com, along with the amount of megawatts of transmission capacity that they would like to take cost responsibility within thirty (30) calendar days of the Initial Requestor's submitting its Economic Upgrade Application (collectively, the Initial Requestor[s] and the Subsequent Requestor[s] shall be referred to as the "Requestor[s]").
- c. Allocation of the Costs of the Economic Upgrades:** The actual costs of the Economic Upgrades shall be allocated to each Requestor based upon the amount of megawatts of transmission capacity that it requested responsibility for in its respective request posted on the SCRTP website. Should the total amount of transmission capacity identified by the Requestors not equal the amount of transmission capacity that is estimated to be added to the Transmission System by constructing the Economic Upgrade, then the Requestors' cost responsibility will be adjusted on a pro rata basis based upon the amount of capacity identified by the Requestors' relative to the total transmission capacity estimated to be added by the Economic Upgrades so that all of the cost responsibility for the Economic Upgrades is allocated to the Requestors. If one or more of the Requestors do not identify the amount of megawatts for which they are willing to take cost responsibility, then the Requestors shall bear the actual costs of the Economic Upgrades in equal shares based upon the number of Requestors. The Requestors shall bear cost responsibility for the actual costs of the Economic Upgrades. Should a Requestor later not enter into an agreement with the Transmission Provider for the construction of the Economic Upgrades, then the remaining Requestors' cost responsibility will be recalculated on a pro rata basis based upon the amount of megawatts requested.
- d. Cost Allocation for the Acceleration, Expansion, Deferral, or Cancellation of Reliability Upgrades:** Should the Transmission Provider

conclude that the construction of an Economic Upgrade would accelerate the construction of, or require the construction of a more expansive Reliability Upgrade, then the Requestors shall bear the cost of such acceleration or expansion. Should the Transmission Provider conclude that the construction of the Economic Upgrade would result in the deferral or cancellation of a Reliability Upgrade, then the actual cost of the Economic Upgrades allocated to the Requestors shall be reduced by the amount of savings caused by the deferral or cancellation.

- e. **Implementing Agreements and Regulatory Approvals:** The Transmission Provider will not be obligated to commence design or construction of any Economic Upgrades until (i) a binding agreement(s) with all of the Requestors for such construction by the Transmission Provider and payment by the Requestors of their allocated cost responsibility is executed by the Parties and (ii) all of the Requestors provide the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the design and construction. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The actual costs associated with obtaining such regulatory approvals shall be included in the total costs of the Economic Upgrades and shall otherwise be borne by the Requestors.

VI. LOCAL TRANSMISSION NEEDS DRIVEN BY PUBLIC POLICY REQUIREMENTS

In accordance with Order No. 1000, Stakeholders may identify transmission needs driven by Public Policy Requirements. A proposed transmission need must be described in sufficient detail to allow SCE&G to study whether transmission solutions for that need should be considered.

Examples of sufficient detail may include, as applicable, but are not limited to: a description of the needed transmission capability or transmission functionality associated with the Public Policy Requirement; a description of electric power source and sink points associated with the Public Policy Requirement; the amount of electric power and timing associated with the Public Policy Requirement.

SCE&G will not assess potential transmission needs that are described in generic or vague terms that do not permit SCE&G to adequately determine what is required of the transmission system.

The Transmission Providers will evaluate proposed transmission needs based upon the following factors: (1) the feasibility of addressing the potential need; (2) the extent to

which addressing the potential need would also address other potential needs; and (3) the factual basis supporting the potential need.

SCE&G will post on the SCRTP website explanations of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions and an explanation of why other suggested transmission needs will not be evaluated.

Any entity may propose potential local transmission solutions to transmission needs selected to be evaluated for potential solutions. Such proposals may be submitted by January 15 of each planning cycle. Stakeholders will be provided an opportunity to provide input during the evaluation of all potential solutions.

Utilizing coordinated models and assumptions, as well as power flow, transient stability, power transfer, and short circuit studies (as described in Section IV.B.), as necessary, SCE&G will utilize its planning guidelines and criteria, and submitted Stakeholder comments to evaluate proposed projects and determine the following:

- a. Whether the proposed project addresses a transmission need, driven by a Public Policy Requirement;
- b. Whether any additional projects, or changes to other planned projects (local or regional), are required due to the proposed project;
- c. The technical and operational feasibility of the proposal;
- d. Operational benefits/constraints or issues; and

SCE&G will evaluate the proposal against all applicable FERC, NERC, SERC, South Carolina Public Service Commission regulatory reliability requirements, as well as the interconnected transmission provider Facility Connection Requirements document (as required by NERC Reliability Standard FAC-001). The SCE&G requirements include, but are not limited to:

- System interconnection studies;
- Transmission system performance;
- Transmission facility equipment standards;
- Transmission facility control, instrumentation and communication requirements;
- Reactive power and voltage support;
- Grounding;
- Protection requirements;

- Inspection, maintenance and testing requirements; and
- Emergency operations.

SCE&G's determination will be sufficiently detailed for Stakeholders to understand why a particular proposed transmission project was chosen or not chosen for inclusion in the Local Transmission Plan.

VII. REGIONAL TRANSMISSION PLANNING

A. Introduction

In accordance with Order No. 1000, SCE&G and Santee Cooper will produce a Regional Transmission Plan, comprised of Regional Projects that have been selected for purposes of cost allocation. The Regional Transmission Plan will be produced when Regional Projects are selected. The Regional Transmission Plan is designed to meet the specific service requests of all customers taking service under the SCE&G OATT and treats similarly-situated customers comparably.

Through the joint studies conducted as a part of the Transmission Providers' local transmission planning processes, the Transmission Providers conduct analysis to ensure transmission needs are addressed, including those driven by economics and Public Policy Requirements. Such analysis is conducted, for example, through power flow, dynamic, and short circuit analysis, as necessary, for the ten year transmission planning horizon. The Transmission Providers will identify potential regional transmission projects that may be more efficient or cost effective solutions to address transmission needs. To the extent the Transmission Providers or nonincumbent transmission developers seek regional cost allocation in accordance with Order No. 1000 for any needed regional solutions identified by the Transmission Providers, the Transmission Providers will submit such regional solutions for consideration in accordance with Section VII herein.

Any entity may propose a Regional Project to meet the region's transmission needs. A proposed Regional Project will first be evaluated by the Transmission Providers in accordance with Section VII.F to determine whether it meets the Initial Screening Criteria. If the project meets the Initial Screening Criteria, it is eligible to be considered for cost allocation, and a Qualified Developer may seek cost allocation for that project. If the Transmission Providers determine that a proposed Regional Project for which cost allocation is sought is more efficient or cost-effective than transmission facilities in the Transmission Providers' Local or Regional Transmission Plans, then the Regional Project is eligible for inclusion in the Regional Transmission Plan. Consistent with Order No. 1000, nothing herein is intended to appropriate, supplant, or impede any local transmission planning processes that the Transmission Providers undertake. Consistent with Order No. 890's coordination principle, any entity may provide input into and participate in the development of the Regional

Transmission Plan without submitting a Regional Project that conforms to the information requirements of Section C below.

A Regional Project is a project that meets the following criteria:

- a. The operating voltage of the proposed transmission project must be 230 kV or above;
- b. The proposed transmission project must be beneficial to more than one systems in the region;
- c. The project must not be an upgrade to an existing facility;
- d. The Qualified Developer must secure its own ROW; the Transmission Providers' use or control of existing ROW may not be altered unless agreed to by the Transmission Providers; and
- e. The project must be materially different from projects that are currently in the Regional Transmission Plan or the current Local Transmission Plan. For example, an entity proposing a project may not simply "bundle" several local projects into a single project and claim that it is a regional project. A project will be deemed materially different, as compared to another transmission alternative(s) under consideration, if the proposal consists of significant geographical or electrical differences in the alternative's proposed interconnection point(s) or transmission line routing."

Should the Transmission Providers determine that a proposed Regional Project does not meet criterion (d) above, the Transmission Providers shall post such a determination for stakeholders on the SCRTP website.

B. Transmission Needs Driven by Public Policy Requirements

Stakeholders may identify transmission needs driven by Public Policy Requirements. In order for the Transmission Providers to determine whether solutions should be developed for the needs identified, a proposed transmission need must be described in sufficient detail to allow the Transmission Provider to study that proposed transmission need.

Examples of sufficient detail may include but are not limited to: a description of the needed transmission capability or transmission functionality associated with the Public Policy Requirements; if applicable, a description of electric power source and sink points associated with the Public Policy Requirements; and, if applicable, the amount of electric power associated and timing associated with the Public Policy Requirements.

The Transmission Providers will not assess transmission needs that are described in generic or vague terms that do not permit the Transmission Providers to adequately determine what is required of the transmission system.

The Transmission Providers will evaluate proposed transmission needs based upon the following factors: (1) the feasibility of addressing the potential need; (2) the extent to which addressing the potential need would also address other potential needs; and (3) the factual basis supporting the potential need.

The Transmission Providers will post on the SCRTP website explanations of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions and an explanation of why other suggested transmission needs will not be evaluated.

Any entity may propose a Regional Project associated with the transmission needs selected to be evaluated for potential solutions in accordance with Section VII.C below. Stakeholders will be provided an opportunity to provide input during the evaluation of these potential solutions.

C. Submitting a Regional Project for Initial Screening

Any entity may propose a Regional Project for consideration by the Transmission Providers. Any proposed Regional Project must meet the Transmission Providers' Initial Screening Criteria to be considered eligible to be considered for cost allocation.

Proposals must be submitted without any deficiencies by January 15 of the first year of the regional planning cycle in order to be included in that year's planning cycle. A deposit of \$25,000 will be required for each project submittal. The Transmission Providers will refund the difference between the deposit and the actual study costs, including interest calculated in accordance with Section 35.19a(a)(2) of the Commission's Rules and Regulations. The charge shall not exceed the actual cost of the study. The costs of performing each study will vary by proposal because each proposal raises unique issues. The Transmission Providers will provide to the proposing entity a detailed and itemized accounting of the costs.

If the entity proposing the project is a Qualified Developer that intends to develop the project and request cost allocation, that entity may request cost allocation in accordance with Section VII.D contemporaneously with submitting the project proposal.

The following information must be submitted in order to permit the Transmission Providers to evaluate the proposed Regional Project:

- a. A description of the proposed transmission project that details the complete scope including, as relevant:

- i. Indication of whether the project is for reliability, public policy, or economic purposes;
- ii. Description of the transmission need met and the extent to which that need is met by the project;
- iii. Description of the transmission facilities being proposed (e.g., voltage levels, etc.);
- iv. The general path of the line(s);
- v. All interconnection points with the transmission system;
- vi. Various stages of the project, such as siting, licensing, permitting, ROW acquisition, engineering, construction, proposed in-service date, etc. NOTE: more detailed milestones will be developed if project is eligible for inclusion in the Regional Transmission Plan; and
- vii. Whether the project requires upgrades to any Transmission Provider's existing facilities or would require a Transmission Provider to alter its use and control of an existing right-of-way. NOTE: only projects that do not alter the Transmission Providers' use or control of rights-of-way will be considered for inclusion in the regional plan for purposes of cost allocation unless agreed to by the Transmission Provider.

Any such transmission project must not compromise local or regional reliability and the transmission facility owner and operator must meet all applicable FERC, NERC, SERC, South Carolina Public Service Commission regulatory requirements, as well as the requirements of the interconnected transmission provider Facility Connection Requirements document (as required by NERC Reliability Standard FAC-001). The Transmission Provider requirements include, but are not limited to:

- System interconnection studies;
- Transmission system performance;
- Transmission facility equipment standards;
- Transmission facility control, instrumentation and communication requirements;
- Reactive power and voltage support;
- Grounding;
- Protection requirements;

- Inspection, maintenance and testing requirements; and
- Emergency operations.

Section VII.F describes the criteria by which the Transmission Providers will make a determination as to whether such project meets the Transmission Providers' Initial Screening Criteria, and is thus eligible to be considered for cost allocation.

D. Developer Request for Cost Allocation

If a proposed Regional Project whose proposal was not accompanied by a contemporaneous request for cost allocation satisfies the Transmission Provider's Initial Screening Criteria and is thus a project that is eligible to be considered for cost allocation, a Qualified Developer must timely request cost allocation for that project in order for that project to be selected in the Regional Transmission Plan.

Not later than 90 days after the issuance of the Transmission Providers' determination that the proposed Regional Project is eligible to be considered for cost allocation, a Qualified Developer may request cost allocation for such project.

When requesting cost allocation, Qualified Developers must submit the following information:

A description of the proposed transmission project that details the complete scope including, as relevant:

- A description of the project's owners.
- Various stages of the project, such as siting, licensing, permitting, ROW acquisition, engineering, construction, proposed in-service date, etc. NOTE: more detailed milestones will be developed if project is selected in the Regional Transmission Plan.
- A total capital cost estimate of the proposed transmission project, fully loaded, including contingencies and overhead, expressed in current year dollars. Cost estimates should be sufficiently detailed to demonstrate a good faith effort at estimating the cost and to allow the Transmission Providers to understand how the estimate was calculated. If the cost estimate differs greatly from generally accepted estimates of projects of comparable scope, the Qualified Developer requesting cost allocation will be required to justify such discrepancies.
- A description of the project financing approach.

Any request submitted after the applicable foregoing deadline is not timely and will not result in consideration of the proposed Regional Project for selection in the Regional Transmission Plan.

Section VII.G describes how the Transmission Providers will determine whether a proposed Regional Project for which cost allocation is requested will be included in the Regional Transmission Plan.

E. Qualification Criteria to Establish Developer Eligibility to Request Cost Allocation for a Proposed Regional Transmission Project

Developers, including the enrolled Transmission Providers, seeking cost allocation for a proposed Regional Project must meet financial and technical criteria, as established herein. Developers must submit a Completed Qualification Application (*i.e.*, a Qualification Application that is complete and provides the Financial Criteria below) to permit the Transmission Providers to determine whether the Developer is technically, financially, and otherwise capable of:

- Developing, licensing, and constructing the proposed Regional Project for which it is seeking cost allocation; and
- Owning, operating, and maintaining the proposed Regional Project facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the proposed project.

Within 30 days of receiving a Developer's Qualification Application, the Transmission Providers will notify the Developer of any deficiencies in the application. Developers shall remedy any deficiency in the application within 15 days. Within six weeks of receiving a Completed Qualification Application, the Transmission Providers will make a determination as to whether the Developer's Qualification Application is approved and will advise the Developer accordingly. Developers must establish their eligibility prior to requesting cost allocation.

1. Financial Criteria

Each Developer must submit adequate financial information to allow the Transmission Providers to assess its financial capability and creditworthiness. Where such information is available and applicable, the Developer must provide to the Transmission Providers:

- a. Audited Financial Statements;
- b. List of affiliates, parent companies, and subsidiaries;
- c. Publicly available information from credit reports by credit and bond rating agencies;
- d. Private credit ratings;

- e. Credit references;
- f. Statement of legal composition, including all ownership;
- g. Statement of length of time Developer's business has been in operation; and
- h. A summary of any history of bankruptcy, dissolution, merger, or acquisition of the Developer or any predecessors in interest for the current calendar year and the five calendar years immediately preceding its submission of information related to affiliated entities.

In order to be determined to be creditworthy, the Developer must meet at least one of the following criteria:

- a. The Developer, or its affiliate/parent company acting as guarantor, has been in business at least one year and has a credit rating of at least "Baa3" (Moody's) or "BBB minus" (Standard & Poor's or Fitch's) (If rated by multiple agencies, the lowest rating applies); or
- b. The Developer, or its affiliate/parent company acting as guarantor, has been in business at least one year, and provides its most recent financial statement, which demonstrates that it meets standards that are at least equivalent to the standards underlying credit ratings of "Baa3" or "BBB minus," based on the sole judgment of the Transmission Providers; or

In the event the affiliate/parent company provides a guarantee, that guarantee must be a satisfactory written guarantee to be unconditionally responsible for all of the Developer's financial obligations that are related to any transmission project the Developer may propose for potential selection in the regional transmission plan for purposes of cost allocation.

No Developer's Qualification Application will be approved unless the Developer is determined to be creditworthy by the Transmission Providers. Developer must continue to be creditworthy under the foregoing standards at all time. If developer fails to satisfy those standards at any time, it will not be creditworthy.

The Transmission Providers shall not share financial information submitted by Developers seeking to become Qualified Developers with any other Stakeholder or SCSG member.

2. Technical Expertise

Each Developer must demonstrate its capability to develop, construct, operate,

and maintain U.S. electric transmission projects of similar or larger complexity, size, and scope as the proposed project. At a minimum, the following must be demonstrated:

- a. Technical and engineering qualifications and experience;
- b. Past history of meeting transmission project schedules;
- c. Capability to adhere to standardized construction practices;
- d. Past history regarding construction of transmission facilities, including:
 - i. Cost containment capability and other advantages the Developer may have to build the specific project; and
 - ii. A discussion of the Developer's business practices that demonstrate that its business practices are consistent with good utility practices for proper permitting, licensing, designing, ROW acquisition, constructing, operating and maintaining transmission facilities that will become part of the transmission grid.
- e. Past history regarding O&M of transmission facilities and/or contracting for the O&M of transmission facilities;
- f. Capability to adhere to standardized O&M practices;
- g. How it intends to comply with all applicable reliability standards and to obtain the appropriate NERC certifications;

To the extent such information is available, please provide any information regarding:

- a. Past record of compliance with NERC standards; and
- b. Historical ability to site, permit, procure equipment, construct, own, operate and maintain transmission facilities.

Any determination by the Transmission Providers that the Developer meets the Financial and Technical Criteria is specific only to the proposed Regional Project for which the Developer is seeking cost allocation and any other proposed Regional Project of equal or lesser size and scope for which cost allocation is requested within five years of the Transmission Provider's determination, provided that there are no changes to the Developer's Qualification Application. The Developer has an obligation to update any change to its submitted Qualification Application, regardless of the materiality of the change. If a Developer submits a change to its submitted Qualification

Application, the Transmission Providers will have the option to re-evaluate the Developer's Application. Each Developer that desires to request cost allocation for a proposed Regional Project must submit a Qualification Application in full no less than every five years. The Transmission Providers reserve the right to ask for additional information from a Developer seeking qualification or a Developer that has been previously qualified. Additionally, the Transmission Providers' reserve the right to re-evaluate a Developer's Qualification Application for any reason at any time.

3. Merchant Transmission Developers

While Merchant Transmission Developers are not required to participate in the SCRTP process, they are required to provide adequate information and data to allow the Transmission Providers to assess the potential reliability and operational impacts of the Merchant Transmission Developer's proposed transmission facilities on other systems in the region.

In order to construct, own, operate and maintain transmission facilities, a Merchant Transmission Developer must demonstrate that any such transmission facility will not compromise local or regional reliability.

The transmission facility owner and operator must meet all applicable FERC, NERC, SERC, South Carolina Public Service Commission regulatory requirements, as well as the requirements of the interconnected transmission provider Facility Connection Requirements document (as required by NERC Reliability Standard FAC-001). The Transmission Provider requirements include, but are not limited to:

- System interconnection studies;
- Transmission system performance;
- Transmission facility equipment standards;
- Transmission facility control, instrumentation and communication requirements;
- Reactive power and voltage support;
- Grounding;
- Protection requirements;
- Inspection, maintenance and testing requirements; and
- Emergency operations.

F. Evaluation of Proposals for Eligibility to Receive Cost Allocation

The Transmission Providers have established this transparent and not unduly discriminatory process to evaluate potential solutions to regional transmission needs, with the input of Stakeholders.

The Transmission Providers, in consultation with Stakeholders, will evaluate each proposed Regional Project to determine whether it meets the Transmission Providers' Initial Screening Criteria, as described below, and is thus eligible to be considered for cost allocation. Stakeholders will have access to all project information submitted by an entity making a proposal. To the extent such information includes Confidential Information and/or CEII, Stakeholders must comply with the requirements set forth in Section III.D. Stakeholders may conduct an independent evaluation of the proposed Regional Project and submit written comments on that proposal for the Transmission Providers' consideration. The SCRTP's evaluation process is comparable for Regional Projects proposed by any entity (as well as those Regional Projects identified by the Transmission Providers' planning processes) to address transmission needs driven by reliability, economics, and Public Policy Requirements and comparable to the evaluation it performs to evaluate solutions for local transmission needs.

Utilizing coordinated models and assumptions, as well as power flow, transient stability, power transfer, and short circuit studies (as described in Section IV.B), as necessary, the Transmission Providers will utilize their respective planning guidelines and criteria, and submitted Stakeholder comments to together evaluate proposed projects and determine the following:

- a. Whether the proposed Regional Project addresses a transmission need;
- b. Whether any additional projects, or changes to other planned projects (local or regional), are required due to the proposed Regional Project;
- c. The technical and operational feasibility of the proposal;
- d. Operational benefits/constraints or issues; and
- e. Whether the project can be constructed and integrated into the transmission system(s) by the required in service date.

The Transmission Providers will evaluate the proposal against all applicable FERC, NERC, SERC, South Carolina Public Service Commission regulatory and reliability requirements, as well as the requirements of the interconnected transmission provider Facility Connection Requirements document (as required by NERC Reliability Standard FAC-001). The transmission provider requirements include, but are not limited to:

- System interconnection studies;
- Transmission system performance;

- Transmission facility equipment standards;
- Transmission facility control, instrumentation and communication requirements;
- Reactive power and voltage support;
- Grounding;
- Protection requirements;
- Inspection, maintenance and testing requirements; and
- Emergency operations.

The Transmission Providers' determination will be sufficiently detailed for Stakeholders to understand why a particular proposed transmission project meets the Transmission Providers' Initial Screening Criteria.

G. Evaluation of Proposals (for which cost allocation is requested) for Selection in the Regional Transmission Plan

1. Overview of Evaluation Criteria

The Transmission Providers, in consultation with Stakeholders, will evaluate each proposed Regional Project for which cost allocation is requested to determine whether it should be included in the Regional Transmission Plan. Stakeholders may conduct an independent evaluation of the proposed Regional Project and submit written comments on that proposal for the Transmission Providers' consideration. This evaluation process will be comparable for solutions proposed to address transmission needs driven by reliability, economics, and Public Policy Requirements.

A proposed Regional Project, for which cost allocation is requested, will be evaluated by the Transmission Providers for inclusion in the Regional Transmission Plan based upon whether the project is determined to be more efficient or cost-effective than projects in the Transmission Providers' existing Local or Regional Transmission Plans or alternative projects that would be required in lieu of the proposed Regional Project, as explained below.

In the absence of a comparable project existing in the Local or Regional Transmission Plans, the Transmission Providers will identify the alternative projects that would be required in lieu of the proposed Regional Project by developing alternative projects plans that establish similar functionality and capability in the transmission system as created by the proposed Regional Project. The Transmission Providers will use most current transmission models and assumptions in the development of alternative projects plans that would be required in lieu of the proposed Regional Project. These alternative projects will

be used for comparison purposes in the evaluation of the proposed transmission project. Upon request, the Transmission Providers will share with Stakeholders in a transparent manner the assumptions and data used to support the identification of the alternative project.

The inclusion of the proposed transmission project must yield a regional benefit to cost ratio equal to or greater than 1.25 and must not have an unmitigated adverse impact on reliability. NOTE: If more than one regional transmission project meets the benefit to cost ratio, both projects may be considered for selection, regardless of whether one has a lower cost than the other. No individual Transmission Provider shall incur increased, unmitigated transmission costs as a result of the proposed project.

2. Calculation of Benefit-to-Cost Ratio

The benefit used in this calculation is the same benefit used to determine cost allocation in Section VII.L, and shall be quantified based on the total benefit in the SCRTP region associated with:

- All cancelled or postponed projects in the Transmission Providers' current Local or Regional Transmission Plans;
- Any reduction in cost of other existing projects in the Transmission Providers' current Local or Regional Transmission Plans;
- All alternative local or regional transmission project(s) that would be required in lieu of the proposed Regional Project, if the proposed Regional Project addresses a transmission need for which no transmission project is included in the Transmission Providers' current Local or Regional Transmission Plans; and
- The estimated value of the reduction of real power losses on the Transmission Providers' transmission systems.

The cost used in this calculation is the same cost used to determine cost allocation in Section VII.L, and shall be quantified based upon:

- The cost of the proposed Regional Project, including the cost to mitigate adverse impacts to reliability;
- The cost of any additional projects or increase in cost to other planned projects required due to the proposed project; and
- The estimated value of the increase of real power losses on the Transmission Providers' transmission systems.

Real power losses capture the change in energy generated to serve a given amount of load. SCE&G will use power flow analysis or other detailed engineering analysis, as appropriate, to measure the quantity of energy losses. The value of real power losses over the ten-year planning horizon will be expressed in the in-service year dollars of the proposed Regional Project for which cost allocation is being determined and will be determined using the energy cost provided by each Transmission Provider.

Based upon the evaluation outlined above, the Transmission Providers will assess whether the proposed transmission project is more efficient or cost-effective for the region. To accomplish this, SCE&G treats all types of resources on a comparable basis and gives consideration that is technologically neutral to every viable alternative solution to identified transmission needs.

The Transmission Providers will develop planning-level cost estimates for use in determining the regional benefit-to-cost ratio. Detailed engineering estimates may be used if available.

The Transmission Providers' determination will be sufficiently detailed for Stakeholders to understand why a particular proposed transmission project is selected or not selected in the Regional Transmission Plan. This determination will also provide information regarding how cost estimates were developed for local facilities in a manner that provides for an equitable comparison with regional transmission proposals.

H. Impacts to Other Regions

If a regional transmission project is selected in the Regional Plan, the Transmission Providers will perform analyses to determine whether, throughout the ten (10) year planning horizon, the Regional Project could potentially result in reliability impacts to the transmission system(s) of another transmission planning region. If a potential reliability impact is identified, the Transmission Provider will coordinate with the other planning region on any further evaluation.

The Transmission Providers have not agreed, as a general rule, to bear the costs associated with any upgrades needed in another transmission planning region in connection with transmission projects approved for inclusion in the Regional Plan.

I. Required Project Updates

If a project is selected in the Regional Transmission Plan, the project Developer will be required to submit periodic updates, as appropriate to the project, to the Transmission Providers. The timing and frequency of these updates will be addressed in future contacts, such as a Development Contract.

J. Abandonment

If a Regional Project is abandoned by a Developer, the impacted Transmission Providers may, without limiting their other rights and remedies, seek to complete the Regional Project (in accordance with all applicable laws and regulations) or to propose alternative projects (including non-transmission alternatives) that will ensure that any transmission need(s) is satisfied in an adequate manner. If a NERC Registered Entity believes that abandonment will cause a specific NERC Reliability Standard to be violated, and the Transmission Providers have not chosen to complete the project in order to prevent the violation, or cannot complete such a project in a timely fashion, the NERC Registered Entity will be expected to submit a mitigation plan to the appropriate entity to address the violation.

K. Reevaluation

Projects included in the Regional Transmission Plan are subject to reevaluation. The Transmission Providers will reevaluate projects to determine whether they remain needed, reliable, and more efficient or cost-effective. Projects included in the Regional Transmission Plan may be removed if the project is no longer: (a) needed, (b) reliable, or (c) more efficient or cost-effective. Projects included in the Regional Transmission Plan may also be removed as a result of a subsequently proposed project, which is determined to be more efficient or cost-effective.

The Transmission Providers will review periodic updates from the project Developer to determine whether any delays associated with completion of a Regional Project have the potential to adversely affect an incumbent transmission provider's ability to fulfill its reliability needs or service obligations.

If the Developer fails to meet its project development schedule such that the impacted Transmission Provider(s) determine that a transmission need(s) will not be met or not met in a timely manner, the Developer shall bear and indemnify the impacted Transmission Provider(s)'s for the impacted Transmission Provider(s)'s increased costs, and the Transmission Providers may propose regional solutions for purposes of cost allocation or may develop local solutions to ensure they can continue to fulfill their reliability needs or service obligations. The Transmission Providers' determination in this regard will be sufficiently detailed for Stakeholders and Developer(s) to understand why a particular project fails to meet its project development schedule such that the needs of the region will not be met.

L. Cost Allocation

If a Regional Project is selected in the Regional Transmission Plan, the Transmission Providers will be allocated costs in proportion to their respective benefit. The beneficiaries of a proposed project will be the Transmission Providers that are benefitting themselves or the Transmission Providers that are benefitting on behalf of their customers.

These costs allocated to each company shall be calculated based on the following equation:

- $(\text{Transmission Provider A's Total Benefit}^*/\text{Total (A+B) Benefit}) * \text{Total Cost of Regional Project}^{**} = \text{Transmission Provider A's Cost Allocation}$
- Example: The proposed Regional Project costs \$350M; SCE&G receives a \$300M Benefit due to the project and Santee Cooper receives a \$150M Benefit due to the project. SCE&G pays 2/3 of the project costs and Santee Cooper pays 1/3 of the project costs.

*The Benefit, as used in this calculation, is the same benefit as described in the Benefit-to-Cost ratio in Section VII.G.2.

**The Cost, as used in this calculation, is the same cost as described in the Benefit-to-Cost ratio in Section VII.G.2.

The Transmission Providers will provide adequate documentation to allow a stakeholder to determine how the regional cost allocation method and data requirements for determining benefits and identifying beneficiaries were applied to a proposed transmission facility.

VIII. DISPUTE RESOLUTION

Disputes that arise from procedural or substantive issues as related to Order No. 890 or Order No. 1000 will be resolved in the following manner:

A. Resolution Procedures

Disputes shall be referred to a senior representative of SCE&G and to a senior representative(s) of the individual Stakeholder(s) or Developer, as applicable, bringing the dispute for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute by mutual agreement within ninety (90) days from the date of receiving written notice of such dispute (or such other period as the disputing parties may agree upon), such dispute then may be submitted to nonbinding arbitration and resolved in accordance with the arbitration procedures set forth below.

B. Arbitration Procedures.

Any dispute submitted to arbitration as described above shall be processed in accordance with the Uniform Arbitration Act and, to the extent not inconsistent therewith, the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), as amended and in effect on the date that demand for arbitration is filed with the AAA. The arbitration shall be conducted by a single arbitrator. Each party to the arbitration shall select an arbitrator

candidate. The AAA shall then select an arbitrator from such candidates according to its reasonable judgment. The arbitrator shall issue a decision no later than ninety (90) days from the date a party to the arbitration receives written notice that a dispute was not resolved by mutual agreement, and therefore, must be submitted to arbitration. The expenses of the arbitration shall be borne equally by the parties to the arbitration, provided that each party shall pay for and bear the cost of its own experts, evidence and legal counsel.

Notwithstanding anything to the contrary in this Section, any affected party may refer the matter to the Federal Energy Regulatory Commission at any time, for example, by filing with the Commission a complaint under Section 206 of the Federal Power Act, a request for declaratory order, or a change in rate under Section 205 of the Federal Power Act.

IX. AREA-WIDE FEASIBILITY ASSESSMENTS AND COORDINATION

SCE&G coordinates with other Transmission Planners in the SERC area for the creation of a SERC area-wide model and the preparation of simultaneous feasibility assessments. The purpose of these assessments is to further augment the reliability of each utility's bulk power system through coordination of the plans of each neighboring bulk power system.

SCE&G utilizes an approach coupling local planning activities with (a) information sharing, (b) coordinated assessments and (c) joint planning efforts. Appendix K-2 to this Attachment K provides a diagram of the planning process. In all processes described below, Stakeholder input is considered. The models and plans described below are presented and discussed in the SCRTP process.

Facilitation of Local Planning (Information Sharing)

Facilitation of Local Planning is an extension of local transmission planning wherein two or more individual systems cooperate by exchanging information about their existing facilities and future plans so that each system or group, acting on its own, can individually assess the simultaneous feasibility of plans and performance. Normally, system facility data and computer power flow models are included in the information exchange. Any individual system plans developed as a result of the Facilitation of Local Planning is the individual system's responsibility for implementation. The results of the Facilitation of Local Planning may lead to Joint Planning efforts among two or more systems, as described below.

To ensure the Facilitation of Local Planning is effective, systems share through these modeling efforts their best currently available estimates of future system conditions and plans. The sharing of this information for future years is intended to provide ample time for other affected systems to react, through their local planning processes, to changes in the plans of neighboring systems that may have significant impacts.

SCE&G participates in the Facilitation of Local Planning through annual joint modeling efforts with neighboring systems. In addition, more frequent exchange of information occurs, when appropriate, such as during coordinated assessment activities.

1. Coordination Activities within the SERC area

a. Transmission System Modeling

SCE&G's 10-year local transmission expansion plan is the basis for our planning and assessment activities and is also our input into the SERC area transmission models developed annually by the Transmission Planners in the SERC area.

As a Transmission Planner in the SERC area, SCE&G participates in the creation of SERC area-wide transmission system models used in the local planning process, the regional SCRTP process and inter-regional assessment processes.

Models of the transmission systems are developed by the Transmission Planners in the SERC area through an annual model development process. Each Transmission Planner in the SERC area, incorporating input from local and regional transmission planning processes, and develops and submits its 10-year transmission models to a model development databank. The databank then joins the models to create SERC area-wide models for use in reliability planning and assessments. Additionally, the SERC area-wide models are then used in each regional transmission planning process as an update (as needed) to the current transmission models and as a foundation (along with the MMWG models) for the development of next year's transmission models.

The development of local area and regional reliability plans is facilitated through the creation of these transmission models that incorporate the current 10-year transmission expansion plans, load projections, resource assumptions (generation, demand response, and imports), transmission service commitments and interconnection service commitments within the area. The transmission models also incorporate external regional models (at a minimum the current SERC area models) that are developed using similar assumptions.

b. Inter-Regional Reliability Assessments

Inter-Regional Reliability Assessments are processes in which two or more individual systems agree to exchange necessary data and system plans and collectively monitor and assess conformance to a specific set of criteria and guides, such as the national and utility reliability standards associated with planning. This process inherently recognizes the potential effects of each system's plans on the other interconnected systems in matters of efficiency and reliability. Results of such assessments are taken into consideration during local planning processes of the participating systems where specific plans addressing

any identified "system" deficiencies are developed. This process ensures that interconnected systems share system plans and that analyses of these plans are conducted to assess if these plans are simultaneously feasible and otherwise use consistent assumptions and data. When these coordinated assessments determine that system plans are not simultaneously feasible, Joint Planning efforts among two or more systems, as described below, or additional Local Planning efforts are required.

As a Transmission Planner within the SERC area, SCE&G participates in assessments of the models discussed above. SCE&G then participates with SERC area Transmission Planners to conduct a SERC area-wide long term reliability assessment. The purpose of the SERC area-wide reliability assessments is to determine if the different local and regional reliability transmission expansion plans are simultaneously feasible and to otherwise ensure that these processes are using consistent models and data. The SERC-wide assessments serve as a valuable tool for each of the participating Transmission Planners to reassess the need for additional inter-regional reliability joint studies.

The transmission models created for use in developing the local and regional reliability 10-year transmission expansion plans are analyzed to determine if any planning criteria concerns are projected. In the event one or more planning criteria concerns are identified, the affected Transmission Planners will develop solutions for these projected limitations in accordance with existing bilateral agreements. As a part of this study process, the Transmission Planners will reexamine the current 10-year transmission expansion plans (determined through the previous year's local and regional reliability planning processes) to determine if the current plans can be optimized based on the updated assumptions and any new planning criteria concerns identified in the analysis. The optimization process may include the deletion and/or modification of any of the existing reliability transmission enhancements identified in the previous year's reliability planning process. The Transmission Planners also determine if any transmission systems in another region are potentially impacted by projected solutions. Potentially impacted systems determine if there is a need for joint or coordinated studies, and if so, such studies are initiated.

2. Coordination Activities within VACAR Area

SCE&G coordinates with Transmission Planners in the Virginia-Carolinas (VACAR) area. VACAR area Transmission Planners typically analyze the performance of proposed combined future transmission systems based on five- or ten-year projections. These studies are similar to those conducted for the SERC area, but are focused on the VACAR area.

3. Coordination Activities within ERAG & SERC-RFC East

SERC area Transmission Planners are Members of the Eastern Interconnection Reliability Assessment Group (ERAG), as are Transmission Planners in the Florida Reliability Coordinating Council, Inc., the Midwest Reliability Organization, the Northeast Power Coordinating Council, Inc., ReliabilityFirst Corporation, and the Southwest Power Pool. ERAG augments the reliability of the bulk-power system through periodic reviews of generation and transmission expansion programs and forecasted system conditions within the areas served by ERAG Transmission Planners.

The ERAG Multi-Regional Modeling Working Group (MMWG) administers the development of a library of power-flow base case models for the benefit of members.

The SERC-RFC East study group was established in 2006 and is a sub-group within the ERAG structure. Through the SERC-RFC East study group, coordination of plans, data and assumptions is achieved between Tennessee Valley Authority, the VACAR area, and the transmission systems of the eastern portion of PJM.

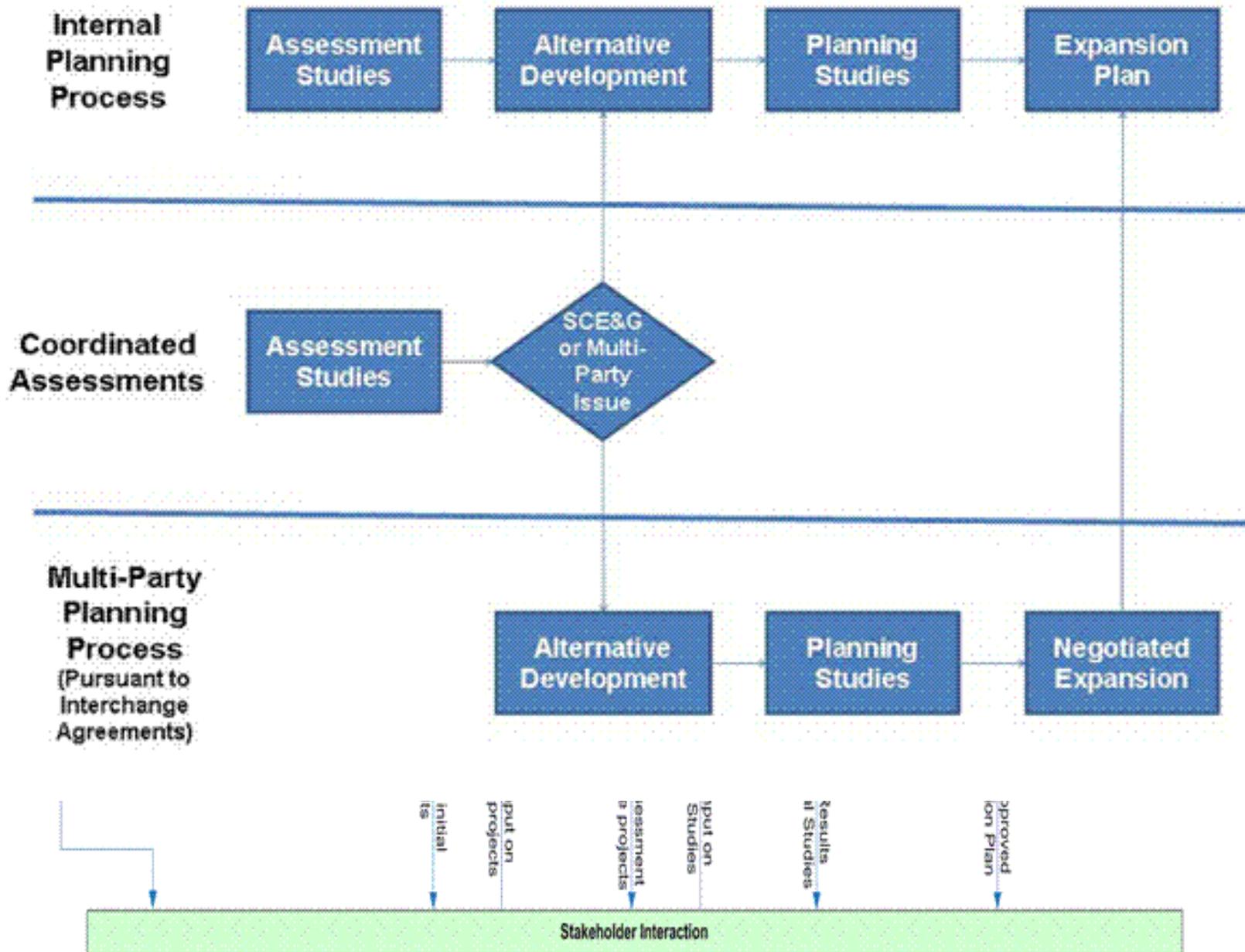
4. Joint Planning

Joint Planning is a process in which two or more systems plan as if they were a single system but do not relinquish their responsibility for planning their individual systems. This is usually done to address a specific concern of the interconnected system or to investigate possible mutually beneficial solutions to a given set of local issues. This is distinguished from Order No. 1000 regional transmission planning in that the Transmission Providers do not seek cost allocation for such projects. The systems agree to perform studies and plan system additions based on agreed upon criteria, guides, and performance goals. Virtually all system data and plans are exchanged except for proprietary business data. The systems agree on how the resulting joint plan will be accepted, rejected or approved. The systems usually join together to implement the approved plan through a contractual mechanism that delineates the responsibilities of each system.

For SCE&G, Joint Planning typically takes place with a neighboring system where detailed assessments are conducted and negotiations under Interchange Agreements are used to agree on, commit to and implement detailed plans. These agreements are longstanding agreements that require SCE&G and each of its neighboring transmission planners to conduct coordinated assessments and to conduct local planning or joint planning to address and resolve any and all issues discovered as a result of Coordinated Assessments. SCE&G has Interchange Agreements with Santee Cooper, Duke Energy, Progress Energy Carolinas and Southern Company.

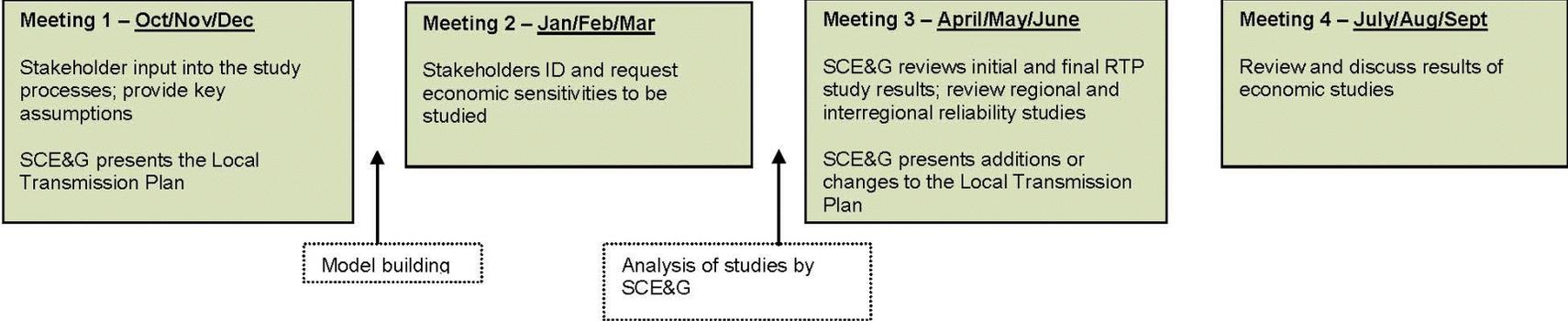
SCE&G Transmission Planning Process

Appendix K-1

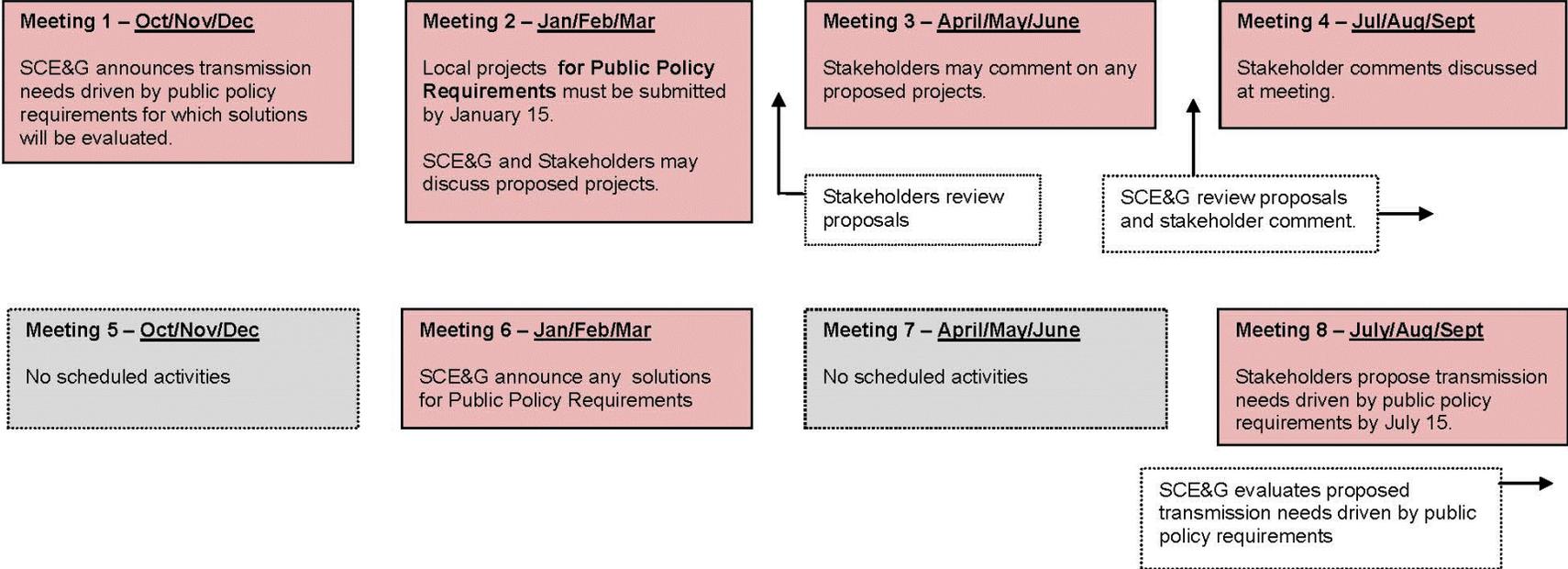


Appendix K-3 Timeline for Local Transmission Planning

Economic & Rel. (Local)



Public Policy (Local)



Appendix K-4
Timeline for Regional Transmission Planning

Meeting 1 – Oct/Nov/Dec

TPs present current Local and Regional Transmission Plans

TPs announce transmission needs driven by public policy for which solutions will be evaluated.

Meeting 2 – Jan/Feb/Mar

Proposed Regional Projects must be submitted by Jan. 15

TPs and Stakeholders may discuss Proposed Regional Projects.

Meeting 3 – Apr/May/June

Stakeholder comments on Proposed Regional Projects due June 15.

Meeting 4 – July/August/Sept

Stakeholder comments discussed at meeting.

Review Local and Regional Transmission Plans to determine whether to propose Regional Project

TP reviews proposed transmission needs driven by public policy.

Stakeholders review proposals

TPs review Proposed Regional Projects and Stakeholder comments

Meeting 5 – Oct/Nov/Dec

TPs provide list of Proposed Regional Projects that satisfy the Initial Screening Criteria by Oct. 15.

Meeting 6 – Jan/Feb/Mar

Qualified Developers must request cost allocation for Proposed Regional Projects that satisfy the Initial Screening Criteria by Jan. 15

Meeting 7 – Apr/May/June

Stakeholder comment on requests for cost allocation due April 15.

Stakeholder comment discussed at meeting.

Meeting 8 – July/August/Sept

TPs announce Proposed Regional Projects selected in the regional plan for purposes of cost allocation.

Stakeholders propose transmission needs driven by public policy by July 15.

Stakeholders review requests for cost allocation

TPs review proposed projects and Stakeholder comments

APPENDIX K-6

Interregional Transmission Coordination Between the SCRTP and SERTP Regions

INTRODUCTION

Through the South Carolina Regional Transmission Planning Process (“SCRTP”), the enrolled Transmission Providers within the SCRTP (“Transmission Providers”) coordinate with the public utility transmission providers in the Southeastern Regional Transmission Planning Process (“SERTP”) 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 the Transmission Providers in the SCRTP and public utility transmission providers in the SERTP (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 or local transmission plans. The interregional transmission coordination procedures are hereby provided in this Appendix K-6 with additional materials provided on the SCRTP Regional Planning website.

For purposes of this Appendix K-6, the SCRTP regional transmission planning process is the process described in Appendix K-6 of this Tariff; the SERTP’s regional transmission planning process is the process described in the SERTP’s Transmission Providers’ Tariff Sections. References to the respective regional transmission planning processes in this Appendix K-6 are intended to identify the activities described in those Tariff provisions. Unless noted otherwise, Section references in this Appendix K-6 refer to Sections within this Appendix K-6.

Through the interregional transmission coordination procedures the Transmission Providers provide:

- (1) A commitment to coordinate and share the results of the SCRTP and the SERTP transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate 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 Providers in the SCRTP and the transmission providers located in the SERTP shall maintain a mutually agreeable cost allocation method for new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation methodology, which satisfies the six interregional cost allocation principles set forth in Order No. 1000, is included in this Appendix K-6.

INTERREGIONAL TRANSMISSION PLANNING PRINCIPLES

Representatives of the SCRTP and the SERTP will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SCRTP and the SERTP may meet more frequently during the evaluation of project(s) proposed for purposes of interregional cost allocation between the SCRTP and the SERTP.

1. Coordination

- 1.1 Review of Respective Regional and Local plans:** Biennially, the Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP region shall review each other's current regional and local plan(s) and engage in the data exchange and joint evaluation described in Sections 2 and 3.

1.2 Review of Proposed Interregional Projects: The Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP will coordinate with regard to the evaluation of interregional transmission projects identified by the Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP as well as interregional transmission projects proposed for Interregional Cost Allocation Purposes (“Interregional CAP”), pursuant to Sections 3 and 4, below. Initial coordination activities regarding new interregional proposals will typically begin during the third calendar quarter. The SCRTP and the SERTP will typically exchange status updates for new interregional transmission project proposals or proposals currently under consideration every six (6) months, or as needed. These status updates will include, if applicable: (i) an update of the region’s evaluation of the proposal; (ii) the latest calculation of Regional Benefits (as defined in Section 4.2); (iii) the anticipated timeline for future assessments; and (iv) reevaluations related to the proposal.

1.3 Coordination of Assumptions Used in Joint Evaluation: The Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP will coordinate assumptions used in joint evaluations, as necessary, which includes items such as:

- o Expected timelines/milestones associated with the joint evaluation
- o Study assumptions
- o Regional benefit calculations.

2. Data Exchange

2.1 At least annually, the Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP shall exchange power-flow models and associated data used in the transmission planning processes to develop their

respective then-current regional and local transmission plan(s). This exchange will typically occur by the beginning of each region's transmission planning cycle. Additional transmission-based models and data may be exchanged between the Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP as necessary and if requested. For purposes of the interregional coordination activities outlined in this Appendix K-6, data and models used in the development of the SCRTP and the SERTP then-current regional and local transmission plans and used in their respective transmission planning processes will be exchanged. This data will be posted on the pertinent regional transmission planning process' website, consistent with the posting requirements of the respective regional transmission planning processes, and may be treated as CEII as appropriate. The SCRTP shall notify the SERTP of such posting.

2.2 The SCRTP regional and local transmission plans will be posted on the SCRTP website pursuant to the SCRTP regional transmission planning process. SCRTP Transmission Providers will also notify the SERTP of such posting. The SERTP will exchange its then-current regional and local plan(s) in a similar manner according to its regional transmission planning process.

3. Joint Evaluation

3.1 Identification of Interregional Projects: The Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP shall exchange planning models and data and current regional and local transmission plans as described in Section 2. The Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP will review one another's then-current regional and local plan(s) in accordance with the coordination procedures described in Section 1 and their respective regional transmission planning processes. If, through

this review, the Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP identify a potential interregional project that could be more efficient or cost effective than projects included in the respective regional or local plans, the Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP will jointly evaluate the potential project pursuant to Section 3.4.

3.2 Identification of Interregional Projects by Stakeholders: Stakeholders may propose projects that may be more efficient or cost-effective than projects included in the SCRTP and the SERTP regional or local transmission plans. Stakeholders may propose these projects pursuant to the procedures in each region's regional transmission planning processes. (See SCE&G Appendix K Section VII.C.) The Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP will evaluate interregional projects proposed by stakeholders pursuant to Section 3.4.

3.3 Identification of Interregional Projects by Developers: Interregional transmission projects proposed for potential Interregional CAP must be submitted in both the SERTP and SCRTP regional transmission planning processes. The project submittal must satisfy the requirements of Section 4.1. The submittal must identify the potential transmission project as interregional in scope and identify the SERTP and SCRTP as regions in which the project is proposed to interconnect. The Transmission Provider will verify whether the project 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 Providers in the SCRTP will notify the public utility transmission

provider(s) in the SERTP. Once the potential 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 Providers in the SCRTP and the public utility transmission providers in the SERTP will jointly evaluate the proposed interregional projects pursuant to Sections 3 and 4.

3.4 Evaluation of Interregional Projects: The Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP 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 projects included in their respective then-current regional or local transmission plans. Such analysis shall be consistent with accepted transmission planning practices of the respective regions and the methods utilized to produce each region's respective regional and local transmission plan(s). The Transmission Providers will evaluate potential interregional transmission projects consistent with Section IV.B, Section VII.F, and Section VII.G of Attachment K. To the extent possible and as needed, assumptions and models will be coordinated between the Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP as described in Section 1. Data shall be exchanged to facilitate this evaluation using the procedures described in Section 2.

3.5 Initial Evaluation of Interregional Projects Proposed for Interregional Cost Allocation Purposes: If an interregional project is proposed in the SCRTP and the SERTP for Interregional CAP, the initial evaluation of the project will typically begin during the third calendar quarter, with analysis conducted in the same manner as

analysis of interregional projects identified pursuant to Sections 3.1 and 3.2. Projects proposed for Interregional CAP shall also be subject to the requirements of Section 4.

4. Cost Allocation: If an interregional project is proposed for Interregional CAP in the SCRTP and the SERTP, then the following methodology applies:

4.1 Interregional Projects Proposed for Interregional Cost Allocation Purposes: For a transmission project to be considered for Interregional CAP within the SCRTP and the SERTP, the following criteria must be met:

- A. The transmission project must be interregional in nature:
 - Be located in both the SCRTP and the SERTP region;
 - Interconnect to transmission facilities in both the SERTP and SCRTP regions. The facilities to which the project is proposed to interconnect may be either existing transmission facilities or transmission projects included in the transmission plans that are currently under development; and
 - Meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of cost allocation in both the SCRTP and the SERTP, pursuant to their respective regional transmission planning processes.
- B. On a case-by-case basis, the Transmission Providers in the SCRTP and the public utility transmission providers in the SERTP will consider a transmission project that does not satisfy all of the criteria specified in Section 4.1.A but: (i) meets the threshold criteria for a project proposed to be included in the regional transmission plan for purposes of cost allocation in only one of the two regions; (ii) would be located in both regions; and (iii) would be interconnected to transmission facilities in both the SERTP and

SCRTP regions. The facilities to which the project is proposed to interconnect may be either existing transmission facilities or transmission projects included in the transmission plans that are currently under development.

- C. The transmission project must be proposed for purposes of cost allocation in both the SCRTP and the SERTP.

The transmission developer and project submittal must satisfy all criteria specified in the respective regional transmission processes.

The proposal should be submitted in the timeframes outlined in the respective regional transmission planning processes.

4.2 Evaluation of Interregional Projects Proposed for Interregional Cost Allocation

Purposes: Interregional projects proposed for Interregional CAP in the SCRTP and the SERTP shall be evaluated within the respective regions as follows:

- A. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed project(s) addresses transmission needs that are currently being addressed with projects in its regional or local transmission plan and, if so, which projects in the regional or local transmission plan could be displaced by the proposed project(s).
- B. Based upon its evaluation, each region will quantify a Regional Benefit based upon the transmission costs that each region is projected to avoid due to its transmission project(s) being displaced by the proposal.

For purposes of this Appendix K-6, “Regional Benefit” means the total avoided capital costs of projects included in the then-current regional or local transmission plans that would be displaced if the proposed interregional transmission project was included. The

Regional Benefit is not necessarily the same as the benefits used for purposes of *regional* cost allocation.

4.3. Calculation of Benefit to Cost Ratio: Each region will calculate a 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. For purposes of this BTC ratio evaluation:

- A. Each region shall utilize the benefit calculation(s) as defined in such region’s regional transmission planning process (for purposes of clarity, these benefits are not necessarily the same as the Regional Benefits determined pursuant to Section 4.2).
- B. Each region shall utilize the cost calculation(s) as defined in such region’s regional transmission planning process. The anticipated percentage allocation of costs of the interregional 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 SCRTP and the SERTP. The Regional Benefits shall be determined pursuant to the methodology described in Section 4.2.

Regional BTC assessments shall be performed in accordance with each region’s regional transmission planning process, including but not limited to subsequent calculations and reevaluations.

4.4 Inclusion in Regional Transmission Plans: An interregional project proposed for Interregional CAP in the SCRTP and the SERTP will be included in the respective regional transmission plans for purposes of cost allocation after:

- A. Each region has performed all evaluations, as prescribed in its regional transmission planning process, necessary for a project to be included in its

regional transmission plan for purposes of cost allocation. (See SCE&G Attachment K Sections VII.F and VII.G.)

This includes any regional BTC ratio calculations performed pursuant to Section 4.3; and

- B. All approvals and agreements, as prescribed in its regional process, necessary for a project to be included in the regional transmission plan for purposes of cost allocation have been obtained.

Any interregional project selected in the SCRTP regional transmission plan for Interregional CAP shall provide required project updates in accordance with SCE&G Attachment K Section VII.I.

4.5 Allocation of Costs Between the SCRTP and the SERTP: The cost of an interregional project, selected for purposes of cost allocation in the regional transmission plans of both the SCRTP and the SERTP, will be allocated as follows:

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

The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the method described in Section 4.2. – before each region included the project in its regional transmission plan for purposes of cost allocation and as approved by each region.

- B. Costs allocated to each region shall be further allocated within each region pursuant to the cost allocation methodology contained in its regional transmission planning process.

4.6 Removal from Regional Plans: An interregional project may be removed from the SCRTP or the SERTP regional plan for purposes of cost allocation: (i) if the developer fails to meet developmental milestones; (ii) pursuant to the reevaluation procedures specified in the respective regional transmission planning processes; or (iii) if the project is removed from one of the region's regional transmission plans pursuant to the requirements of its regional transmission planning process.

A. The SCRTP Transmission Providers shall notify the SERTP if an interregional project or a portion thereof is likely to be removed from its regional transmission plan.

4.7 Abandonment: If an interregional project is abandoned, the impacted Transmission Provider(s) may seek to complete the interregional project (in accordance with all applicable laws and regulations) or to propose alternative projects (including non-transmission alternatives) that will ensure that any reliability need is satisfied in an adequate manner. If a NERC Registered Entity believes that abandonment will cause a specific NERC Reliability Standard to be violated, and the Transmission Provider(s) have not chosen to complete the project in order to prevent the violation, or cannot complete such a project in a timely fashion, the NERC Registered Entity will be expected to submit a mitigation plan to the appropriate entity to address the violation.

5. Transparency

A. The SCRTP Transmission Providers shall post procedures for coordination and joint evaluation on the SCRTP website.

B. Access to the data utilized will be made available through the SCRTP website subject to the appropriate clearance, as applicable (such as CEII and confidential non-CEII). The SCRTP Transmission Providers will make available, on the SCRTP website,

links for stakeholders to register (if applicable/available) for the stakeholder committees or distribution lists of the SERTP planning region.

- C. The SCRTP Transmission Providers will provide status updates of the interregional transmission planning activities during their regional transmission planning meetings. The SCRTP Transmission Providers will provide status updates of interregional activities including:

Facilities to be evaluated

Analysis performed

Determinations/results.

- D. Stakeholders will have an opportunity to provide input and feedback within the SCRTP regional transmission planning process and the SERTP process related to interregional facilities identified, analysis performed, and any determination/results. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination between the SCRTP and the SERTP.
- E. The Transmission Providers will post, on the Regional Planning Website, a list of all interregional transmission projects that are proposed for potential selection in a regional transmission plan for purposes of cost allocation in both the SERTP and the SCRTP that are found not to be eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions. The Transmission Provider will also post an explanation of the relevant thresholds the proposed interregional project(s) failed to satisfy.

Appendix K-7

The enrolled transmission providers in the SCRTP are:

South Carolina Electric & Gas Co.

The South Carolina Public Service Authority