

**WestConnect
Attachment K Compliance Filing
TEPPC Workshop with FERC Staff**

Presented by:
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September 9, 2008

Agenda

- FERC Order
- Action Required
- Overview of Proposed Changes
- Open Items
- Next Steps

FERC Order – July 17, 2008

FERC issued orders regarding proposed Attachment Ks for WestConnect Transmission Providers:

Southwest Region - El Paso Electric Company, Public Service Company of New Mexico, Tucson Electric Company, UNS Electric, Inc., Arizona Public Service Company, and Sierra Pacific Resources Operating Companies

■ **Mountain West** - Xcel Energy Services Inc., for its operating affiliate Public Service Company of Colorado

FERC Order

- FERC found that the TPs' Attachment Ks
 - Meet the 9 planning principles of Order 890, ***with certain modifications on regional participation, economic planning studies, and cost allocation.***
 - Comply with the Order 890 coordination, transparency, information exchange and dispute resolution principles.
- Compliance filings due 10/15/08 (90 days from date of Order).

Action Required – SW & Mountain West Region TPs (WestConnect parties)

Issue	Text or Paraphrase	Proposed Response or Further Action Needed
Comparability	Order 890-A, issued 12/27/07 after Attachment K 12/7/07 filings, requires TP to demonstrate in Attachment K how it will treat demand resources on a comparable basis, how it will determine comparability for purposes of transmission planning.	¶20, FN 28, FERC says: ““For example, tariff language should provide for participation throughout the transmission planning process by sponsors of transmission solutions, generation solutions, and solutions utilizing demand resources.” Inserted throughout the Strawman. See also added EPE language Section II.A.3.a.i of the Strawman.
Regional Participation	TPs don’t have sufficient detail in their Attachment Ks to show customers & stakeholders how the data they submit will be integrated into the SWAT, WestConnect and TEPPC studies and plan. Except for the Nevada companies, no TP has provided timelines and milestones between the time that the TPs submit their individual local plans to SWAT/ WestConnect and the time that a final sub-regional plan is developed.	Utilize Sierra Pacific Resources language format for TP, SWAT and WestConnect timing and steps for transmission planning throughout the year. See Section III. D. of the Strawman. Point FERC to Exhibit 2 of our Attachment Ks, Transmission Planning Process Flow Chart.

Action Required

Issue	Text or Paraphrase	Proposed Response or Further Action Needed
Regional Participation	TPs must provide in Attachment Ks additional detail on SWAT & WestConnect processes or include URL to appropriate documents on SWAT, WestConnect & WECC websites where coordination of information and planning efforts are discussed.	Insert pertinent URLs in Attachment K. Utilize information contained in the 2007 WestConnect Planning Report that describes the framework of the WestConnect planning process, subregional planning processes, and stakeholder participation.
Economic Planning	Except for EPE, TPs have not stated the minimum number of local priority economic planning studies per year they will perform. TPs must explain how they will address requests for studies that exceed the number it states is will perform, including studies both local and subregional or regional in nature. TPs have not explained how they will batch or cluster transmission study requests.	Utilize EPE's approach of limiting local priority economic studies to not more than 3 per year. See Section IIA.4.b.iv. of the Strawman <i>TPs need to develop procedures for addressing additional study requests and for clustering studies.</i> See Sections II.A.4.b.v and II.A.4.e.i-ii of the Strawman

Action Required

Issue	Text or Paraphrase	Proposed Response or Further Action Needed
Economic Planning	What role, if any, do SWAT and WestConnect play in conducting economic studies? TPs do not provide sufficient detail on the WECC TEPPC procedures for handling requests for economic studies. TPs must provide more detail on TEPPC processes or URL to documents that describe the TEPPC processes for prioritizing and completing regional economic studies.	<i>TPs need to consider what role SWAT and WestConnect might take regarding economic studies, e.g. if SWAT gives input to TEPPC regarding study priorities.</i> See Sections III.B and III.C.2.g. of the Strawman. Provide URL to TEPPC documents on the economic study prioritization and study completion steps.
Cost Allocation SW TPs	SW TPs must address cost allocation in more detail. Except for EPE, TPs must individually, and, if necessary, with WestConnect provide a specific methodology for cost allocation to provide certainty for transmission providers and market participants to support new transmission infrastructure investment. PSCo must collaborate with stakeholders to develop an allocation methodology.	Utilize EPE's language to address allocating costs for new transmission facilities required to be built. See Section VII of the Strawman.

Action Required

Issue	Text or Paraphrase	Proposed Response or Further Action Needed
Recovery of Planning Costs	Attachment Ks must include an explanation of how the TPs intend to recover Attachment K transmission planning activity costs.	Utilize language used by PAC that was accepted by FERC. See Section V of the Strawman
Dispute Resolution Mediation	In ¶18 FN 25, FERC strongly encourages PNM, APS, TEP and the Nevada Companies to consider including a mediation step in their dispute resolution process. We have found that a high percentage of disputes sent to the Commission's Dispute Resolution Service or another mediator or an Administrative Law Judge serving as a Settlement Judge settle without adjudication. If [the TPs] desire to include the mediation step, they should do so in the compliance filing required at the end of this order. El Paso included a three-step process of negotiation, mediation, and arbitration."	Utilize EPE's 3 step approach to include a mediation step in the Dispute Resolution process. See Section VI. of the Strawman.

Summary of Open Items

- TPs need to develop procedures for addressing additional economic planning study requests and for clustering economic planning studies.
- TPs need to consider what role SWAT and WestConnect might take regarding economic studies, e.g. if SWAT gives input to TEPPC regarding study priorities.

Next Steps

- WestConnect Stakeholder Workshop scheduled for September 24, 1-5 p.m., Orleans Hotel & Casino in Las Vegas, NV
 - Review Attachment K Compliance Orders for WestConnect TPs and proposed Strawman incorporating changes
- Compliance Filing is due October 15