

## Section IX.G.

### a) Long-Term Regional Transmission Cost Allocation Methodology

The Cost Allocation Methodology for any Long-Term Regional Transmission Facility selected for long-term regional cost allocation shall be as follows:

(1) After a developer is identified for a Long-Term Regional Transmission Facility selected for long-term regional cost allocation, the developer has 90 days to conduct an open subscription period subject to FERC oversight and pursuant to FERC requirements in order to evaluate and select for negotiations requests from entities for contractual rights for transmission capacity associated with the selected Long-Term Regional Transmission Facility. Each successful entity has 60 days following the subscription period to sign a binding contract committing the requester to paying for the transmission rights associated with the request. Any amounts committed as part of the subscription process as well as any other voluntary payments made by any entity, including the acquisition of additional transmission rights following the subscription process, shall be used to reduce the Facility costs to be allocated pursuant to Subsection (2).

#### (2) Allocation of Remaining Costs

The remaining cost of the Long-Term Regional Transmission Facility after the subscription process shall be allocated to Enrolled Transmission Providers as follows:

(A) If the Long-Term Regional Transmission Facility selected for long-term regional cost allocation is larger than 300kV, 25% of the cost will be allocated to an Enrolled Transmission Provider based on the load it serves in a transmission zone (as designated by the Enrolled Transmission Providers) that is assigned responsibility for modeled power flows associated with the Long-Term Transmission Facility as determined by a Solution-Based Distribution Factor Analysis (DFAX) analysis. Costs shall be assigned to each zone based on the zone's proportionate responsibility for the modeled power flows. If a transmission zone that is assigned responsibility is served by two or more Enrolled Transmission Providers, the costs allocated to that zone will be sub-allocated within the zone based on the percentage of each Enrolled Transmission Provider's peak load within that zone. 75% of the costs will be allocated to Enrolled Transmission Providers based on each Provider's proportionate share of the Total Long-Term Transmission Facility Project's Benefits.

(B) If the Eligible Cost Allocation Project is between and inclusive of 200kV and 300kV, 10% of the costs will be allocated to Enrolled Transmission Providers serving transmission zones pursuant to the Solution-Based DFAX approach described in Subsection (2)(A) and 90% of the costs will be allocated to each Enrolled Transmission Provider based on the Provider's proportionate share of the Total Long-Term Transmission Facility Project's Benefits.

(C) If the Eligible Cost Allocation Project is smaller than 200kV, 100% of the costs

will be allocated to Enrolled Transmission Providers based on the Provider's proportionate share of the Total Long-Term Transmission Facility Project's Benefits.

(D) For purposes of Subsection (2) Total Long-Term Transmission Facility Project Benefits means the combined level of following seven benefits: (1) avoided or deferred reliability transmission facilities and aging infrastructure replacement; (2) reduced loss of load probability or reduced planning reserve margin; (3) production cost savings; (4) reduced transmission energy losses; (5) reduced congestion due to transmission outages; (6) mitigation of extreme weather events and unexpected system conditions; and (7) capacity cost benefits from reduced peak energy losses; as defined by FERC Orders No. 1920, 1920-A and 1920-B.

(E) The formula for Total Long-Term Transmission Facility Project Benefits calculation will be as follows to determine Enrolled Transmission Providers' share of the costs:

total dollar value of all Long-Term Transmission Facility Project Benefits  
over the Long-Term Transmission Planning Cycle to an Enrolled  
Transmission Provider

[divided by]

total dollar value of all Long-Term Transmission Facility  
Project Benefits over the Long-Term Transmission Planning  
Cycle to each Enrolled Transmission Provider

= the proposed proportionate cost allocation share for Long-  
Term Transmission Facility Project Benefits

For example:

- If an Enrolled Transmission Provider is shown to receive Long-Term Transmission Facility Project Benefits of \$10 million, and three Enrolled Transmission Providers together (including the first Enrolled Transmission Provider) are shown to receive total Long-Term Transmission Facility Project Benefits of \$100 million, then
- The first Enrolled Transmission Provider would have a proportionate share of 10% of the total Long-Term Transmission Facility Project Benefits (10 divided by 100 equals 0.10).

(F) To the extent that a portfolio of Long-Term Transmission Facility Projects are selected for long-term regional cost allocation and those projects are of different sizes and types, no Enrolled Transmission Provider shall be allocated more costs than if each of the projects had been selected separately.

(G) Enrolled Transmission Providers that are estimated to receive only a *de minimis* level of benefits from a Long-Term Transmission Facility Project (as measured by the

costs to be allocated pursuant to Subsections (2)(A)-(C)) shall not be assigned costs pursuant to this Section. Any *de minimis* amounts that would have been assigned to the Enrolled Transmission Provider shall be re-allocated to the other Enrolled Transmission Providers in the same proportion of costs assigned to the Enrolled Transmission Providers pursuant to Subsections (2)(A)-(C). For purposes of this Section, an Enrolled Transmission Provider that would be assigned less than 2% of the total costs to be allocated pursuant to Subsections (2)(A)-(C) shall be considered to be receiving a *de minimis* level of benefits.

(H) Enrolled Transmission Providers that are allocated costs pursuant to Subsections (2)(A)-(C) shall be assigned a commensurate amount of transmission capacity rights associated with the Long-Term Transmission Facility Project. An Enrolled Transmission Provider that is assigned such transmission capacity rights may resell those rights to any other entity.

(I) The amount paid per unit of transmission capacity rights shall be the same regardless of whether such rights are acquired pursuant to the Subsection (1) subscription process or imputed to an Enrolled Transmission Provider pursuant to the share of costs assigned to the Enrolled Transmission Provider pursuant to Subsections (2)(A)-(C).