

## 1.0 State Agreement Process

### 1.1 Definitions

- 1.1.1 Cost Allocation Task Force shall have the same meaning as applied to it in the Enrolled Parties' tariff proposal submitted to FERC in response to Order 1920.
- 1.1.2 Eligible Cost Allocation Project shall have the same meaning as applied to it in the Enrolled Parties' tariff proposal submitted to FERC in response to Order 1920.
- 1.1.3 Enrolled Party shall have the same meaning as applied to it in the Enrolled Parties' tariff proposal submitted to FERC in response to Order 1920.
- 1.1.4 Enrolled Party Beneficiary shall have the same meaning as applied to it in the Enrolled Parties' tariff proposal submitted to FERC in response to Order 1920.
- 1.1.5 FERC means the Federal Energy Regulatory Commission.
- 1.1.6 FERC-approved Cost Allocation Methodology refers to the Cost Allocation Methodology for Eligible Cost Allocation Projects in a Long-Term Transmission Plan.
- 1.1.7 Participant(s) means a representative from a state commission that regulates the retail rates of an Enrolled Party.
- 1.1.8 Order 1920 means the Federal Energy Regulatory Commission's Order No. 1920 *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation*, 187 FERC ¶ 61,068 (2024).
- 1.1.9 Order 1920-A means the Federal Energy Regulatory Commission's Order No. 1920-A *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation*, 189 FERC ¶ 61,126 (2024).
- 1.1.10 Order 1920-B means the Federal Energy Regulatory Commission's Order No. 1920-B *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation*, 191 FERC ¶ 61,026 (2025).
- 1.1.11 State Agreement Process refers to the process described in FERC Orders 1920, 1920-A, and 1920-B that allows state entities to propose an alternative cost allocation methodology to the FERC-approved Cost Allocation Methodology.

- 1.2 State Agreement Process Timing
  - 1.2.1 The State Agreement Process shall commence when the Cost Allocation Task Force identifies a potential Eligible Cost Allocation Project.
    - 1.2.1.1 The State Agreement Process terminates six months from the date an Eligible Cost Allocation Project is selected for cost allocation by the Cost Allocation Task Force. If the Participants fail to reach an agreement on an alternative cost allocation methodology, the FERC-approved Cost Allocation Methodology for Eligible Cost Allocation Projects would apply. If the Participants eligible to vote reach agreement on an alternative methodology, participants will share that methodology with the Enrolled Parties. That methodology shall be filed with FERC by the Enrolled Parties.
- 1.3 State Agreement Process Participation
  - 1.3.1 Each Participant that represents a state commission that regulates the retail rates of an Enrolled Party initially identified as an Enrolled Party Beneficiary of an Eligible Cost Allocation Project is eligible to vote on any proposed alternative to the FERC-approved Cost Allocation Methodology during the State Agreement Process.
  - 1.3.2 If, during the State Agreement Process, an alternative cost allocation approach being considered might assign costs to an Enrolled Party that was not initially identified as an Enrolled Party Beneficiary, a Participant that represents a state commission that regulates the retail rates of such Enrolled Party is eligible to vote on such alternative approach.
- 1.4 State Agreement Process Facilitation
  - 1.4.1 The Enrolled Parties must immediately notify the Participants when the Cost Allocation Task Force has identified an Eligible Cost Allocation Project.
- 1.5 Cost Allocation to Non-Jurisdictional Utilities in the State Agreement Process
  - 1.5.1 If costs are allocated to an Enrolled Party Beneficiary that is not state regulated, the Participants shall consult with the impacted non-state

regulated Enrolled Party Beneficiary prior to voting on an alternative cost allocation methodology.

- 1.5.2 If, during the State Agreement Process, the Participants conclude that non-Enrolled Parties will significantly benefit from the Eligible Cost Allocation Project, the Participants may vote to recommend that the Enrolled Parties rescind the decision to select that Eligible Cost Allocation Project.

## 1.6 Decision Making Criteria

- 1.6.1 Each Participant has one vote.

- 1.6.1.1 For a single transmission project, each Participant eligible to vote must approve the proposed alternative to the FERC-approved Cost Allocation Methodology.

- 1.6.1.2 For a portfolio of projects, at least 75 percent of Participants eligible to vote that represent states that regulate the retail rates of Enrolled Party Beneficiaries that would be allocated at least 75 percent of the estimated total costs of the projects must agree to approve a proposed alternative to that FERC-approved Cost Allocation Methodology.

## 1.7 Access to data

- 1.7.1 Participants have the authority to request relevant information from the Enrolled Parties and NorthernGrid.