

WestConnect Order No. 1920

Note:

- Tariff numbering and terminology is based on the Arizona Public Service Company OATT, and will differ slightly for each WestConnect transmission provider.

Cost Allocation

Definitions:

- Long-Term Regional Transmission Cost Allocation: An ex ante regional cost allocation method for a selected Long-Term Regional Transmission Facility that is selected in the Long-Term Regional Transmission Plan for purposes of cost allocation.
- Long-Term Regional Transmission Facility: A regional transmission facility that is identified as part of Long-Term Regional Transmission Planning to address Long-Term Regional Transmission Needs.
- Long-Term Regional Transmission Planning: Regional transmission planning on a sufficiently long-term, forward-looking, and comprehensive basis to identify Long-Term Regional Transmission Needs, identify a Long-Term Regional Transmission Facility that meet such needs, measure the benefits of that Long-Term Regional Transmission Facility, and evaluate the Long-Term Regional Transmission Facility for potential selection in the Long-Term Regional Transmission Plan for purposes of cost allocation as the more efficient or cost-effective regional transmission facilities to meet Long-Term Regional Transmission Needs.
- Long-Term Regional Transmission Needs: Transmission needs identified through the Long-Term Regional Transmission Planning.
- Relevant State Entity: Any state entity responsible for electric utility regulation or siting electric transmission facilities within the state or portion of a state located in the transmission planning region, including any state entity as may be designated for that purpose by the law of such state.

IX. Long-Term Regional Transmission Planning and Cost Allocation

[placeholder for process subsections]

IX.A Identification of Benefits and Beneficiaries

For each Long-Term Regional Transmission Facility that is proposed to address the Long-Term Regional Transmission Needs identified by the Transmission Provider¹ in response to the Long-

¹ While this [[Attachment E]] discusses the Transmission Provider largely effectuating the activities of Long-Term Regional Transmission Planning in the WestConnect Planning Region that are discussed herein, the Transmission Provider expects that the Transmission Providers enrolled in the WestConnect Planning Region will also jointly conduct or sponsor those activities. Accordingly, many of the duties described herein as being performed by the Transmission Provider may be performed in conjunction with one or more other Transmission Providers enrolled in

Term Regional Transmission Facility solicitation conducted pursuant to [[Section IX. ____]], the Transmission Provider will identify the benefits and beneficiaries of that proposed Long-Term Regional Transmission Facility to aid in the determination of whether to identify a proposed Long-Term Regional Transmission Facility as eligible for cost allocation under this [[Section IX]].

The following benefits will be determined for each project proposed as a Long-Term Regional Transmission Facility that would address an identified Long-Term Regional Transmission Need, and the degree to which each type of benefit will flow to each Transmission Provider will be quantified in dollars (“Quantified Benefits”). The Quantified Benefits will be calculated over the twenty-year period following the projected in-service date:

IX.A.1 Avoided or deferred system improvements, including aging infrastructure replacement, otherwise required to comply with NERC Reliability Standards. The Transmission Provider will calculate the costs for system improvements that are avoided when a new proposed Long-Term Regional Transmission Facility addresses reliability needs identified under NERC Reliability Standards and also eliminates, or delays, the need of the Transmission Provider to replace existing electric transmission infrastructure that would otherwise be required to address NERC Reliability Standards.

IX.A.2 Reduced loss of load probability or reduced planning reserve margin. The Transmission Provider will calculate the reduction in the frequency of power outages or the reduction in capital costs for generation needed to be built by the Transmission Provider to meet planning reserve margins as a result of the construction of the proposed Long-Term Regional Transmission Facility. Quantified Benefits would only be identified to the extent that:

1. the proposed Long-Term Regional Transmission Facility would allow for different generation resources to be reached, with those resources eliminating or reducing the need of the Transmission Provider to build new generating facilities or expand existing generating facilities to satisfy planning reserve margins for the Transmission Providers; and/or
2. the proposed Long-Term Regional Transmission Facility would reduce instances in which the Transmission Provider would curtail load either as a result of insufficient generation or as a result of transmission congestion.

IX.A.3 Production cost savings. The Transmission Provider will calculate the savings in fuel and other generation operating costs that would be realized if the new Long-Term Regional Transmission Facility enables the increased dispatch of lower production-cost generation over higher production cost generation and, where applicable, reduces market clearing prices as lower-cost generation suppliers increasingly set market-clearing

the WestConnect Planning Region or may be performed entirely by, or be applicable only to, one or more other Transmission Providers enrolled in the WestConnect Planning Region. To the extent that this [[Attachment E]] makes statements that might be construed to imply establishing duties or obligations upon other Transmission Providers enrolled in the WestConnect Planning Region, no such duty or obligation is intended. Any duty or obligation of other Transmission Providers enrolled in the WestConnect Planning Region shall be governed by their own open access transmission tariffs.

prices. The production cost model studies used to quantify these benefits to the Transmission Provider must demonstrate “tangible” benefits to the Transmission Provider by demonstrating that by alleviating congestion the lower cost resources that were previously limited by the identified congestion and that are needed by the Transmission Provider would become accessible to the Transmission Provider through firm transmission service rights and/or capacity ownership on the Long-Term Regional Transmission Facility resulting in reduction of its adjusted production costs. Access to lower-cost resources as a result of congestion relief is not assumed to be available to the Transmission Provider. The availability of any such lower cost resources and the need for any such resources are factors that will be considered as part of the evaluation of whether these benefits would arise. For example, planning models must reflect existing and planned resource assumptions and cannot disregard or supplant those assumptions when identifying congestion solutions. The quantification of these production cost savings must ensure that the proposed Long-Term Regional Transmission Facility enables access to generation resources that differ from the existing and planned generation resources selected through the resource planning activities of the Transmission Provider. Production cost savings will only be identified where: (a) modeling shows persistent congestion (prolonged congestion that is independent of isolated events or outages); (b) modeling accounts for the owned and contracted-for generation of the Transmission Provider; (c) the increase or decrease in generation can be reasonably expected; (d) transmission service is available (or would become available using the Long-Term Regional Transmission Facility) between the location of the existing and planned generation resources and the location of the loads of the Transmission Provider to be served by those generation resources as identified in the production cost modeling; (e) existing and planned generating units shown in the modeling results as serving the load of the Transmission Provider are capable of making such additional third-party sales; (f) the modeling accounts for any changes in the projected loads or resources of the Transmission Provider since the base case was developed; and (g) all fuel contract obligations continue to be met, such as take-or-pay fuel supply contracts.

IX.A.4 Reduced congestion due to transmission outages. The Transmission Provider will calculate the reduction in production costs to the Transmission Provider from avoided congestion resulting from the adjustment required following a single contingency transmission outage as a result of a proposed Long-Term Regional Transmission Facility.

IX.A.5 Mitigation of extreme weather events and unexpected system conditions. The Transmission Provider will calculate the reduction in production costs to the Transmission Provider during extreme weather events and unexpected system conditions, such as unusual weather conditions, fuel shortages, and generation and transmission outages, due to a proposed Long-Term Regional Transmission Facility. The impact and duration of extreme weather events and unexpected system conditions should be consistent with, but need not be coextensive with, the NERC Transmission Planning Reliability Standards, and should also be bounded by observed historical system conditions in the WestConnect Planning Region, as determined by the Transmission Provider.

IX.A.6 Capacity cost benefits from reduced peak energy losses. The Transmission Provider will calculate the benefit of using a proposed Long-Term Regional Transmission Facility to reduce the need for new investment in power plants, such as peaking units, or new peaking generation capacity purchases by the Transmission Provider that would otherwise be required to meet peak load conditions. Benefits that are captured in other categories, including, for example, reduced capital costs for generation to meet planning reserve margins and benefits related to reduced production costs do not qualify for identification in this category. Benefits in this category must be separate and distinct from the benefits identified in other categories.

IX.A.7 Reduced transmission energy losses. The Transmission Provider will calculate the reduction in total energy necessary to meet demand stemming from reduced energy losses on the transmission facilities of Transmission Provider during the movement (i.e., transmission) of power from generation to loads as a result of a proposed Long-Term Regional Transmission Facility.

In determining the Quantified Benefits for a proposed Long-Term Regional Transmission Facility, the Transmission Provider may not double-count any benefits.

IX.B Cost Allocation Minimum Criteria

The Transmission Provider may only select a proposed Long-Term Regional Transmission Facility as a Long-Term Regional Transmission Facility eligible for cost allocation if it meets each of the following minimum criteria:

- The Quantified Benefits of a Long-Term Regional Transmission Facility to each Transmission Provider enrolled in the WestConnect Planning Region must be at least 1.25 times the estimated costs of the Long-Term Regional Transmission Facility to that Transmission Provider, with such costs provided by either (a) the project sponsor, subject to adjustment by the Transmission Provider consistent with good utility practice, or (b) the Transmission Provider for unsponsored projects.
- Long-Term Regional Transmission Facility transmission lines must be 200 kV or greater and a minimum of 50 miles in length.
- Long-Term Regional Transmission Facility transformers must have a low side operating voltage of 200 kV or greater.
- All transmission equipment that is part of a Long-Term Regional Transmission Facility must functionally support or operate at an operating voltage of 200 kV or greater.
- The Long-Term Regional Transmission Facility must physically interconnect the transmission systems of two or more Transmission Providers enrolled in the WestConnect Planning Region.
- Two or more Transmission Providers enrolled in the WestConnect Planning Region must receive Quantified Benefits from the project.

IX.B.1 Voluntary Funding of a Long-Term Regional Transmission Facility That Does Not Satisfy Cost Allocation Criteria

In the event a Long-Term Regional Transmission Facility is proposed for selection as a Long-Term Regional Transmission Facility under Section [] does not satisfy one or more of the above criteria, the Transmission Provider will post a notice on the WestConnect website identifying the project and the criteria the proposed Long-Term Regional Transmission Facility did not satisfy. If the only criteria in [[Section IX.B]] that is not satisfied is the 1.25-to-1 benefit-to-cost ratio, the Transmission Provider will specify the level of voluntary funding that would be necessary so that the Quantified Benefits to the identified Transmission Provider, when compared to project costs, would satisfy the 1.25-to-1 benefit-to-cost ratio for each identified beneficiary that is a Transmission Provider.

If one or more interconnection customers or Relevant State Entities agree to voluntarily fund the entire cost of the proposed Long-Term Regional Transmission Facility on a non-revocable basis within 60 days of such posting, the Transmission Provider may, but is not obligated to, select the proposed Long-Term Regional Transmission Facility as a Long-Term Regional Transmission Facility and will allocate the full costs of that project to such interconnection customers or in accordance with the commitment of the Relevant State Entities, as applicable, rather than in accordance with [[Section IX.D.]]

If the only criteria in [[Section IX.B]] that is not satisfied is the 1.25-to-1 benefit-to-cost ratio, one or more interconnection customers or Relevant State Entities shall have 60 days following the posting to voluntarily agree to fund a sufficient portion of the cost of the proposed Long-Term Regional Transmission Facility on a non-revocable basis so that the Quantified Benefits to the remaining costs would satisfy the 1.25-to-1 benefit-to-cost ratio. If the Transmission Provider receives such a binding commitment, the Transmission Provider may, but is not obligated to, select the transmission project as a Long-Term Regional Transmission Facility and will allocate the project costs as follows:

- The portion of the costs of the proposed Long-Term Regional Transmission Facility subject to the binding commitment of the interconnection customers or Relevant State Entities, as applicable, shall be not allocated in accordance with [[Section IX.D]], but shall instead be allocated to the interconnection customers or in accordance with the commitment of the Relevant State Entities. Notwithstanding any other provisions of the Tariff, no reimbursement by the Transmission Provider will be provided to any interconnection customers or Relevant State Entities that voluntarily fund all or a portion of the costs of a Long-Term Regional Transmission Facility in this manner.²
- The remainder of the costs of the Long-Term Regional Transmission Facility shall be allocated in accordance with [[Section IX.D]].

² NTD: Check for language on interaction between interconnection and regional planning in current tariff.

IX.C Selection of Transmission Facilities for Regional Cost Allocation as a Long-Term Regional Transmission Facility

A Long-Term Regional Transmission Facility that meets the above criteria and satisfies Long-Term Regional Transmission Needs in the WestConnect Planning Region may be selected by the Transmission Provider for purposes of cost allocation to address the WestConnect Planning Region's Long-Term Regional Transmission Needs. However, the Transmission Provider need not select a project for regional cost allocation as a Long-Term Regional Transmission Facility even if the Long-Term Regional Transmission Facility meets the above criteria and satisfies Long-Term Regional Transmission Needs.

In determining whether to select a proposed Long-Term Regional Transmission Facility that otherwise meets the criteria in [[Section IX.B]] for cost allocation, the Transmission Provider shall consider:

- when in the Long-Term Regional Transmission Planning cycle the facility is expected to be in service in comparison to when the Long-Term Regional Transmission Needs arise;
- the Quantified Benefits estimated to result from the proposed Long-Term Regional Transmission Facility;
- the probability that those Quantified Benefits will be realized and the portion of the Long-Term Regional Transmission Planning cycle during which those Quantified Benefits will be realized;
- the costs of the proposed Long-Term Regional Transmission Facility;
- the merits of the project sponsor, if any, in accordance with [[Section IX.H]];
- the extent to which the selection of a Long-Term Regional Transmission Facility would maximize Quantified Benefits accounting for costs over time without over-building transmission facilities;
- the ability of the project sponsor to acquire the necessary rights-of-way and other site control necessary to construct the proposed Long-Term Regional Transmission Facility in a cost-effective or efficient manner; and
- any other quantitative or qualitative factors relevant to Long-Term Regional Transmission Planning consistent with good utility practice.

The Transmission Provider will post on the WestConnect website an explanation of their determination as to why any transmission facility proposed for selection as a Long-Term Regional Transmission Facility was or was not selected as a Long-Term Regional Transmission Facility for regional cost allocation within 60 days of such determination. That explanation will include sufficient detail, including but not limited to estimated costs and a summary of Long-Term Regional Transmission Facility Quantified Benefits, for stakeholders to understand why that proposed Long-Term Regional Transmission Facility was or was not selected as a Long-Term Regional Transmission Facility eligible for regional cost allocation.

If a Long-Term Regional Transmission Facility is proposed as a solution to one or more Long-Term Regional Transmission Needs but not selected by the Transmission Provider for regional cost allocation as a Long-Term Regional Transmission Facility, such Long-Term Regional Transmission Facility can be developed by any interested entity as a participant-funded project. Any project developed as a participant-funded project following the decision of the Transmission

Provider not to select that Long-Term Regional Transmission Facility for regional cost allocation as a Long-Term Regional Transmission Facility will not be eligible for selection by the Transmission Provider for regional cost allocation as a Long-Term Regional Transmission Facility in the current or any future Long-Term Regional Transmission Planning cycle.

IX.D Cost Allocation Methodology

For any Long-Term Regional Transmission Facility selected by the Transmission Provider for Long-Term Regional Transmission Cost Allocation, the costs of the Long-Term Regional Transmission Facility will be allocated proportionally to the Transmission Providers enrolled in the WestConnect Planning Region determined to be beneficiaries in the WestConnect Planning Region in accordance with this [[Section IX.D]], which provides the Long-Term Regional Transmission Cost Allocation Method for the WestConnect Planning Region. The cost allocation for a Long-Term Regional Transmission Facility selected for Long-Term Regional Transmission Cost Allocation must satisfy the following principles:

- Transmission Providers enrolled in the WestConnect Planning Region that receive no Quantified Benefits from a Long-Term Regional Transmission Facility must not be involuntarily assigned costs for that Long-Term Regional Transmission Facility.
- Cost assignments for the Long-Term Regional Transmission Facility must be roughly commensurate with Quantified Benefits from the Long-Term Regional Transmission Facility.
- The allocation of costs for a Long-Term Regional Transmission Facility must be solely to the Transmission Providers enrolled in the WestConnect Planning Region, unless utilities enrolled in other transmission planning regions voluntarily assume costs through the interregional Long-Term Regional Transmission Planning cost allocation process in [INSERT] or the voluntary funding provisions in IX.B.1 are used.
- The cost allocation method for determining Quantified Benefits from a Long-Term Regional Transmission Facility and for identifying beneficiaries must be transparent and with adequate documentation.

The costs of a Long-Term Regional Transmission Facility selected by the Transmission Provider for regional cost allocation will be allocated to the Transmission Provider in accordance with the Quantified Benefits of that project determined prior to the Long-Term Regional Transmission Facility's selection as a Long-Term Regional Transmission Facility for regional cost allocation in accordance with [[Section ____]] using the following formula, except that calculation of Quantified Benefits for purposes of cost allocation will be limited to the benefits identified in the 20-year Long Term Transmission Planning cycle:

$$\begin{aligned} & \text{total dollar value of all Quantified Benefits for the specific Transmission Provider} \\ & \quad \text{[divided by]} \\ & \text{total dollar value of all Quantified Benefits for all Transmission Providers enrolled in the} \\ & \quad \text{WestConnect Planning Region} \\ & = \text{the proposed cost allocation \% to the specific Transmission Provider} \end{aligned}$$

For example, if Utility X would receive \$10 million in Quantified Benefits from a Long-Term Regional Transmission Facility that provides \$100 million in Quantified Benefits over the twenty-year period examined, Utility X would be allocated 10% of the cost of the facility if that facility is selected as a Long-Term Regional Transmission Facility for cost allocation. If the Long-Term Regional Transmission Facility had a cost of \$80 million, Utility X would be allocated \$8 million.

Following the calculation of the cost allocation for a Long-Term Regional Transmission Facility selected by the Transmission Provider for regional cost allocation, the Transmission Provider will post on the WestConnect website a summary of how the project costs will be allocated along with a reasonable estimate of the Quantified Benefits imputed to each Transmission Provider enrolled in the WestConnect Planning Region.

Any changes to this [[Section IX.D]] will be made in accordance with the Relevant State Entity consultation process provided in the FERC Order No. 1920 rulemaking.

IX.E Allocation of Ownership and Capacity Rights for a Long-Term Regional Transmission Facility

An Eligible Transmission Developer³ that is subject to the Commission's jurisdiction under Section 205 of the Federal Power Act may not recover from identified beneficiaries project costs for a Long-Term Regional Transmission Facility selected by the Transmission Provider for cost allocation in the WestConnect Planning Region without securing approval for project cost recovery from FERC through a separate proceeding brought by the Eligible Transmission Developer under Section 205 of the Federal Power Act.

In no event will identified beneficiaries in the WestConnect Planning Region from whom Long-Term Regional Transmission Facility project costs are sought to be recovered under Section 205 be denied either transmission transfer capability or ownership rights proportionate to their allocated costs, as determined by FERC in such proceeding. An Eligible Transmission Developer that is not subject to the Commission's jurisdiction under Section 205 of the Federal Power Act may seek cost recovery from identified beneficiaries in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from FERC for project cost recovery pursuant to any other applicable section of the Federal Power Act.

If a project beneficiary receives transmission transfer capability on the Long-Term Regional Transmission Facility in exchange for transmission service payments, such project beneficiary may resell the transfer capability. Alternatively, a project beneficiary could seek to make a direct capital contribution to the project construction cost (in lieu of making transmission service payments) in which case, the project beneficiary would instead receive an ownership percentage

³ Note: An Eligible Transmission Developer is defined as an identified transmission developer that has satisfied the qualification criteria set forth in [[APS']] [[Section III.B]] of the OATT, as amended to demonstrate financial, technical, and managerial capabilities to develop, construct, own, operate, and maintain transmission facilities, and that satisfies the eligibility criteria.

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of the Long-Term Regional Transmission Facility in proportion to their capital contribution (Ownership Proposal).

An ownership alternative for a Long-Term Regional Transmission Facility selected for regional cost allocation will only be pursued if the Eligible Transmission Developer agrees. The Eligible Transmission Developer and the beneficiaries may enter into contract negotiations relating to such ownership interest. A Long-Term Regional Transmission Facility beneficiary should not be expected to pay for its Quantified Benefits from the project twice: once through a capital contribution, and again through transmission service payments. In addition, it allows those beneficiaries that may not necessarily benefit from additional transfer capability on a Long-Term Regional Transmission Facility, whether due to lack of contiguity to the new facilities or otherwise, to realize the Quantified Benefits through an ownership option.

Any Transmission Provider enrolled in the WestConnect Planning Region that is identified as a beneficiary of the Long-Term Regional Transmission Facility might be permitted by the Eligible Transmission Developer to contribute capital (in lieu of transmission service payments) and receive a proportionate share of ownership rights in the Long-Term Regional Transmission Facility. The Ownership Proposal affords an identified beneficiary who contributes toward the project costs the opportunity to obtain an ownership interest in lieu of an allocated share of the project costs through transmission service payments for transfer capability on the project; it does not, however, confer a right to invest capital in a project. The Ownership Proposal merely identifies that, to the extent it is agreed among the parties that capital may be contributed toward a transmission project's construction, a proportionate share of ownership rights will follow. Nothing in this [[Attachment E]] with respect to selection for Long-Term Regional Transmission Cost Allocation imposes any new service on beneficiaries. Similarly, nothing in this [[Attachment E]] with respect to Order No. 1920 cost allocation for a Long-Term Regional Transmission Facility imposes on an Eligible Transmission Developer an obligation to become a provider of transmission services to identified beneficiaries simply as a result of a Long-Term Regional Transmission Facility having been selected for cost allocation; provided, however, if that Eligible Transmission Developer seeks authorization to provide transmission services to beneficiaries or others, and to charge rates or otherwise recover costs from beneficiaries or others associated with any transmission services it were to propose, it must do so by contract and/or under separate proceedings under the Federal Power Act. The purpose of this [[Section IX.E]] is to (a) provide an option to a Eligible Transmission Developer to negotiate ownership rights in the project with identified benefiting Transmission Provider, if both the developer and the identified beneficiaries mutually desire to do so, and (b) specify that, although Order No. 1920 cost allocation does not impose any new service on beneficiaries, identified beneficiaries have the opportunity to discuss with the project developer the potential for entering into transmission service agreements for transmission capacity rights in the project, and (c) ensure that Order No. 1920 cost allocation does not mean that a project developer may recover project costs from identified beneficiaries without providing transmission transfer capability or ownership rights, and without securing approval for project cost recovery by contract and/or under a separate proceeding under the Federal Power Act.

If an Eligible Transmission Developer is not subject to FERC's jurisdiction under Section 205 of the Federal Power Act, the Eligible Transmission Developer would have to seek to recover

project costs from identified beneficiaries of the Long-Term Regional Transmission Facility in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from FERC for project cost recovery pursuant to any other applicable Section of the Federal Power Act.

IX.F Project Development Schedule for a Long-Term Regional Transmission Facility

The Transmission Provider will not be responsible for managing the development of any Long-Term Regional Transmission Facility selected for cost allocation. However, after having selected a Long-Term Regional Transmission Facility for cost allocation, the Transmission Provider will monitor the status of project's development. If a Long-Term Regional Transmission Facility is selected for cost allocation, the Eligible Transmission Developer of that Long-Term Regional Transmission Facility must submit a development schedule that indicates the required steps, such as the granting of state approvals, necessary to develop and construct the transmission facility such that it meets the Long-Term Regional Transmission Needs of the WestConnect Planning Region.

IX.G [[APS]] Rate Recovery

Notwithstanding the provisions of this Section IX, [[APS]] will not assume cost responsibility for any Long-Term Regional Transmission Facility if the cost of the project is not reasonably expected to be recoverable in [[APS]]'s retail and/or wholesale transmission rates.

IX.H Selection of a Transmission Developer for a Long-Term Regional Transmission Facility

For any Long-Term Regional Transmission Facility selected as a Long-Term Regional Transmission Facility eligible for cost allocation under Order No. 1920, a project developer shall be selected by the Transmission Provider according to the processes set forth in this section, provided that selection according to those processes does not violate applicable law where the Long-Term Regional Transmission Facility is to be built that otherwise prescribes the entity that shall develop and build the project. Any entity that, pursuant to applicable law for the location where the facilities are to be built, shall or chooses to develop and build the project must submit a project development schedule as required by [[Section IX.F]], within the timeframe directed by the Transmission Provider, in advance, through a posting on the WestConnect website.

For any unsponsored project selected by the Transmission Provider for regional cost allocation as a Long-Term Regional Transmission Facility, the Transmission Provider shall upon posting the selected projects, issue a request for information to all Eligible Transmission Developers under Section [[]] of this [[Attachment E]] soliciting their interest in developing the project(s). Each Eligible Transmission Developer shall respond to the request for information indicating its interest in developing the project. The Transmission Provider shall post on the WestConnect website the list of all Eligible Transmission Developers who responded with an expression of interest in developing the project(s). The Transmission Provider shall provide to each Eligible Transmission Developer indicating interest in developing an unsponsored project

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selected by the Transmission Provider as a Long-Term Regional Transmission Facility selected for regional cost allocation a request for proposals for the identified project(s) with a specified date of return for all proposals.

Each Eligible Transmission Developer for a sponsored or proposed unsponsored Long-Term Regional Transmission Facility (including a partnership or joint ventures of transmission developers), shall submit information demonstrating its ability to finance, own and construct the project consistent with the guidelines for doing so set forth in the Business Practices Manual. The Transmission Provider shall assess the submissions according to the following process and criteria:

The evaluation of proposals to develop a Long-Term Regional Transmission Facility shall be at the direction of the Transmission Provider, and will involve representatives of the beneficiaries of the proposed Long-Term Regional Transmission Facility(ies). The evaluation will include, but not be limited to, an assessment of the following evidence and criteria.

- General qualifications of the Eligible Transmission Developer;
- Evidence of financing/financial creditworthiness, including
 - financing plan (sources debt and equity), including construction financing and long-term financing
 - ability to finance restoration/forced outages
 - credit ratings
 - financial statements;
- Safety program and experience;
- Project description, including
 - detailed proposed Long-Term Regional Transmission Facility description and route
 - design parameters
 - design life of equipment and facilities
 - description of alternative project variations;
- Development of project, including
 - experience with and current capabilities and plan for obtaining state and local licenses, permits, and approvals
 - experience with and current capabilities and plan for obtaining any federal licenses and permits
 - experience with and expertise and plan for obtaining rights of way
 - development schedule
 - development budget;
- Construction, including
 - experience with and current capabilities and plan for project construction
 - third party contractors
 - procurement plan
 - project management (cost and schedule control)
 - construction schedule
 - construction budget (including all construction and period costs;
- Operations, including

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- experience with and current capabilities and plan for project operation
 - experience with and current capabilities and plan for NERC compliance
 - security program and plan
 - storm/outage response plan
 - reliability of facilities already in operation;
- Maintenance capabilities and plans for project maintenance (including staffing, equipment, crew training, and facilities)
- Project cost to beneficiaries, including
 - total project cost (development, construction, financing, and other non-O&M costs)
 - operation and maintenance costs, including evaluation of electrical losses
 - revenue requirement, including proposed cost of equity, FERC incentives, proposed cost of debt and total revenue requirement calculation
 - present value cost of project to beneficiaries.

The Transmission Provider shall notify the interested Eligible Transmission Developers of its determination as to which Eligible Transmission Developer(s) it selected to develop the project(s) identified in the request for proposal. The selected developer(s) must submit a project development schedule as required by Section [[IX.F]] of this [[Attachment E.]]

If the Transmission Provider determines that a sponsored or unsponsored project fails to secure a developer through the process outlined in this section, the Transmission Provider shall remove the project from the list of Long-Term Regional Transmission Facilities selected for regional cost allocation.

After the Transmission Provider makes a determination on the selection of a developer for a Long-Term Regional Transmission Facility selected for Long-Term Regional Transmission Cost Allocation, the Transmission Provider will post a document on the WestConnect website within 60 days explaining that determination in selecting a particular Eligible Transmission Developer for a specific Long-Term Regional Transmission Facility. The information will explain (1) the reasons why a particular Eligible Transmission Developer was selected or not selected, and, if applicable, (2) the reasons why a Long-Term Regional Transmission Facility failed to secure a transmission developer.

IX.I No Obligation to Construct

Long-Term Regional Transmission Planning shall not obligate any entity to construct, nor obligate any entity to commit to construct, any facilities, including any transmission facilities, regardless of whether such facilities are included in any plan. Nothing in this [[Attachment E]] or any cost allocation shall predetermine the outcome of any filing that may be necessary under Section 205 or 206 of the Federal Power Act to establish rates, terms, and conditions of service for a Long-Term Regional Transmission Facility. For example this [[Attachment E]] does not (1) determine any transmission service to be received by, or any transmission usage by, any entity or (2) obligate any entity to purchase or pay for, or obligate any entity to commit to purchase or pay for, any transmission service or usage. Without limiting the generality of the foregoing, nothing in this [[Attachment E]] or with respect to regional cost allocation for a Long-

Term Regional Transmission Facility shall preclude any WestConnect Planning Region member from satisfying its statutory obligations.

IX.J Order No. 1920 Cost Allocation Methods

Order No. 1920 cost allocation method as set forth in [[Section IX]] of this [[Attachment E]] is without prejudice to the following rights and obligations: (1) the right and obligation of the Transmission Provider to reevaluate a transmission facility previously selected as a Long-Term Regional Transmission Facility eligible for cost allocation; (2) the right and obligation of a Eligible Transmission Developer to make a filing under Section 205 or other applicable provision of the Federal Power Act in order to seek approval from the Commission to recover the costs of any transmission facility selected for inclusion in the regional plan for purposes of Order No. 1920 cost allocation; (3) the right and obligation of any interested person to intervene and be heard before the Commission in any Section 205 or other applicable provision of proceeding initiated by an Eligible Transmission Developer, including the right of any identified beneficiaries of the transmission facility to support or protest the filing and to present evidence on whether the proposed cost recovery is or is not just and reasonable; and (4) the right and obligation of the Commission to act under Section 205 or other applicable provisions of the Federal Power Act to approve or deny any cost recovery sought by an Eligible Transmission Developer for a transmission facility selected in the Long-Term Regional Transmission plan for purposes of Order No. 1920 cost allocation.⁴

IX.K Impacts of a Long-Term Regional Transmission Facility on Neighboring Planning Regions

The Transmission Provider is to study the impact(s) of a regional Long-Term Regional Transmission Facility on neighboring transmission systems in the Western Interconnection, including the resulting need, if any, for mitigation measures in such neighboring transmission systems. If the Transmission Provider finds that a regional Long-Term Regional Transmission Facility in the WestConnect Planning Region causes impacts on a neighboring transmission system in the Western Interconnection that requires mitigation (a) by the WECC Path Rating Process, (b) under FERC OATT requirements, (c) under NERC Reliability Standards requirements, and/or (d) under any negotiated arrangement between the interconnected entities, the Transmission Provider is to include the costs of any such mitigation measures into the regional Long-Term Regional Transmission Facility's total project costs for purposes of determining the project's eligibility for regional cost allocation under the procedures identified in [[Section IX.B of this Attachment E]], including application of the region's benefits-to-costs analysis. The Transmission Provider will not be responsible for compensating a neighboring planning region, transmission provider, transmission owner, Balancing Area Authority, or

⁴ An Eligible Transmission Developer may not be subject to the Commission's Section 205 jurisdiction. If an Eligible Transmission Developer is not subject to the Commission's jurisdiction under Section 205 of the Federal Power Act, the Eligible Transmission Developer would have to seek to recover project costs from identified beneficiaries in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from the Commission for project cost recovery pursuant to any other applicable section of the Federal Power Act.

any other entity, for the costs of any required mitigation measures, or other consequences, on their systems associated with a Long Term Regional Transmission Facility in the WestConnect Planning Region, whether selected by the Transmission Provider or the neighboring system(s). In agreeing to study the impacts of a Long-Term Regional Transmission Facility on neighboring planning regions, the Transmission Provider is not agreeing to bear the costs of any mitigation measures they identify. However, the Transmission Provider will request of any developer of a Long-Term Regional Transmission Facility selected as eligible for cost allocation that the developer design and build its project to mitigate the project's identified impacts on neighboring planning regions. If the project is identified as impacting a neighboring planning region that accords less favorable mitigation treatment to the WestConnect Planning Region than the WestConnect Planning Region accords to it, the Transmission Provider will request that the project developer reciprocate by using the lesser of (i) the neighboring region's mitigation treatment applicable to the mitigation of impacts of its own regional projects on the WestConnect Planning Region, or (ii) the Transmission Provider's mitigation treatment set forth above in subsections (a) through (d).

IX.L Exclusions

The cost for a Long-Term Regional Transmission Facility undertaken in connection with requests for generation interconnection or transmission service on the [[APS]] transmission system, which are governed by existing cost allocation methods within the OATT, will continue to be so governed and will not be subject to the principles of this [[Section IX]].

In the event of an inconsistency between [[Section IX]] of this [[Attachment E]] and the load interconnection cost allocation policy, this [[Attachment E]] shall control.