

128 FERC 61,065
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Sudeen G. Kelly, Marc Spitzer,
and Philip D. Moeller.

United States Department of Energy –
Bonneville Power Administration

Docket No. NJ08-5-001

Avista Corporation

Docket No. OA08-25-001

Puget Sound Energy, Inc.

Docket No. OA08-26-001

ORDER ON COMPLIANCE FILINGS AND PETITION FOR
DECLARATORY ORDER

(Issued July 16, 2009)

1. On October 15, 2008, Avista Corporation (Avista) and Puget Sound Energy, Inc. (Puget Sound) submitted as compliance filings the revised transmission planning processes in their respective Attachment Ks to their Open Access Transmission Tariffs (OATT), as required by Commission order dated July 17, 2008.¹ On October 15, 2008, Bonneville Power Administration (Bonneville) submitted its filing in response to the July 2008 Order and a petition for declaratory order seeking acceptance of its revised Attachment K as satisfying the Commission's reciprocity standards. In this order, we accept Avista's and Puget Sound's compliance filings, subject to further compliance filings, and also grant Bonneville's petition for declaratory order, subject to the modifications required below.

¹ *United States Dep't of Energy – Bonneville Power Admin.*, 124 FERC ¶ 61,054 (2008) (July 2008 Order).

I. Background

2. In Order No. 890,² the Commission reformed the *pro forma* OATT to clarify and expand the obligations of transmission providers to ensure that transmission service is provided on a non-discriminatory basis. One of the Commission's primary reforms was designed to address the lack of specificity regarding how customers and other stakeholders should be treated in the transmission planning process. To remedy the potential for undue discrimination in planning activities, the Commission directed all transmission providers to develop a transmission planning process that satisfies nine principles and to clearly describe that process in a new attachment to their OATT (Attachment K).

3. The nine planning principles each transmission provider was directed by Order No. 890 to address in its Attachment K planning process are (1) coordination; (2) openness; (3) transparency; (4) information exchange; (5) comparability;³ (6) dispute resolution; (7) regional participation; (8) economic planning studies; and (9) cost allocation for new projects. The Commission also directed transmission providers to address the recovery of planning-related costs. The Commission explained that it adopted a principles-based reform to allow for flexibility in implementation of and to build on transmission planning efforts and processes already underway in many regions of the country. The Commission also explained, however, that although Order No. 890 allows for flexibility, each transmission provider has an obligation to address each of the nine principles in its transmission planning process, and that all of these principles must be fully addressed in the tariff language filed with the Commission. The Commission emphasized that tariff rules, as supplemented with web-posted business practices when appropriate, must be specific and clear to facilitate compliance by transmission providers and place customers on notice of their rights and obligations.⁴

² *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009).

³ In Order No. 890-A, the Commission clarified that the comparability principle requires each transmission provider to identify, as part of its Attachment K planning process, how it will treat resources on a comparable basis and therefore, how it will determine comparability for purposes of transmission planning. *See* Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 216.

⁴ *See* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1649-55.

4. On December 7, 2007, Avista and Puget Sound submitted their transmission planning processes as proposed attachments to their respective OATT's, as required by Order No. 890.⁵ On December 7, 2007, Bonneville submitted a petition for declaratory order seeking a finding from the Commission that its Attachment K satisfies the nine planning principles, as defined in Order No. 890, and therefore meets the safe harbor reciprocity requirements for transmission planning. On July 17, 2008, the Commission accepted the Avista and Puget Sounds filings in part, and granted Bonneville's petition, subject to further modifications to their respective Attachment Ks to address a number of issues.

5. In Order No. 888, the Commission established a safe harbor procedure for the filing of reciprocity tariffs by non-public utilities.⁶ Under this procedure, non-public utilities may voluntarily submit to the Commission a transmission tariff and petition for declaratory order requesting a finding that the tariff meets the Commission's comparability (non-discrimination) standards. If the Commission finds that the terms and conditions of such a tariff substantially conform or are superior to those in the *pro forma* OATT, the Commission will deem it to be an acceptable reciprocity tariff, and will require public utilities to provide open access transmission service upon request to that particular non-public utility.⁷ Order No. 890 requires that a non-public utility that already has a safe harbor OATT must amend its OATT so that its provisions substantially

⁵ Avista and Puget Sound are public utilities subject to the Commission's jurisdiction under sections 205 and 206 of the Federal Power Act (FPA). 16 U.S.C. §§ 824d, e (2006). However, as explained further below, Bonneville is not a public utility under sections 205 and 206 of the FPA.

⁶ *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 31,760 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, at 30,281-87, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

⁷ In Order No. 888-A, the Commission clarified that, under the reciprocity condition, a non-public utility must also comply with the Open Access Same-Time Information System (OASIS) standards of conduct requirements, or obtain waiver of them. *See* Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 at 30,286.

conform to or are superior to the new *pro forma* OATT in Order No. 890 if it wishes to continue to qualify for safe harbor treatment.⁸

6. Bonneville is a federal power marketing administration within the United States Department of Energy and, therefore, Bonneville is not a public utility subject to sections 205 and 206 of the FPA. After the issuance of Order No. 888, Bonneville sought and obtained a determination by the Commission that it had an acceptable safe harbor reciprocity tariff.⁹ Bonneville revised its tariff in response to Order No. 890, but the Commission determined that Bonneville had not met the requirements for safe harbor reciprocity status because its tariff was incomplete and did not yet substantially conform to the Order 890 *pro forma* OATT.¹⁰

II. Filings

A. Bonneville's Petition

7. In its filing, Bonneville states that its Attachment K revisions addressing openness, comparability, regional participation, economic planning studies, and cost allocation for new projects are in compliance with the July 2008 Order and Order No. 890. Bonneville requests that the Commission accept its Attachment K, as meeting the reciprocity requirements of Order No. 890. Bonneville also states that the July 2008 Order granted its request for exemption from the filing fee and asserts that this filing is not a substantial amendment to its initial filing and therefore continues to be exempt from the filing fee for petitions for declaratory order;¹¹ Bonneville requests continued exemption from the filing fee.

⁸ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 191.

⁹ See *United States Department of Energy – Bonneville Power Administration*, 80 FERC ¶ 61,119 (1997) (finding reciprocity tariff to be acceptable and requiring modifications); *United States Department of Energy – Bonneville Power Administration*, 84 FERC ¶ 61,068 (1998) (finding reciprocity tariff to be acceptable and requiring further modifications); *United States Department of Energy – Bonneville Power Administration*, 86 FERC ¶ 61,278 (1999) (finding reciprocity tariff to be acceptable).

¹⁰ *United States Department of Energy – Bonneville Power Administration*, 128 FERC ¶ 61,057 (2009).

¹¹ See 18 C.F.R. § 381.108 (2008).

B. Avista's and Puget Sound's Compliance Filings

8. Avista and Puget Sound respectively state that their Attachment K revisions are in compliance with the July 2008 Order and Order No. 890, and should be accepted for filing.

III. Notices of Filings and Responsive Pleadings

9. Notice of Bonneville's filing was published in the *Federal Register*, 73 Fed. Reg. 63,966 (2008), with interventions and protests due on or before November 14, 2008. Motions to intervene and comments in response to Bonneville's compliance filing were filed by ColumbiaGrid and by Renewable Northwest Project and American Wind Energy Association (RNP/AWEA). RNP/AWEA filed an answer.

10. Notice of Avista's filing was published in the *Federal Register*, 73 Fed. Reg. 65,596 (2008), with interventions and protests due on or before November 5, 2008. Motions to intervene and comments in response to Avista's compliance filing were filed by ColumbiaGrid and RNP/AWEA. Avista and RNP/AWEA filed answers.

11. Notice of Puget Sound's filing was published in the *Federal Register*, 73 Fed. Reg. 63,465 (2008), with motions to intervene and protests due on or before November 5, 2008. Motions to intervene and comments in response to Puget Sound's compliance filing were filed by ColumbiaGrid and RNP/AWEA. Puget Sound and RNP/AWEA filed answers.

IV. Discussion

A. Procedural Matters

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceedings in which they moved to intervene.

13. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We will accept the answers filed in these proceedings because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

14. As discussed below, we find Avista's, Bonneville's, and Puget Sound's modifications, in partial compliance with the directives of the July 2008 Order.¹² Additional modifications to the Transmission Providers' respective Attachment Ks are discussed below.

15. Although the Commission accepts the Transmission Providers' compliance filings below, subject to further compliance filings to address certain discrete issues, the Commission remains interested in the development of transmission planning processes and will continue to examine the adequacy of the processes accepted to date. We reiterate the encouragement made in prior orders for further refinements and improvements to the planning processes as transmission providers, their customers, and other stakeholders gain more experience through actual implementation of the processes. As part of the Commission's ongoing evaluation of the implementation of the planning processes, the Commission intends to convene regional technical conferences later this year to determine if further refinements to these processes are necessary. The focus of the 2009 regional technical conferences will be to determine the progress and benefits realized by each transmission provider's transmission planning process, obtain customer and other stakeholder input, and discuss any areas that may need improvement. The conferences will examine whether existing transmission planning processes adequately consider needs and solutions on a regional or interconnection-wide basis to ensure adequate and reliable supplies at just and reasonable rates. The Commission will also explore whether existing processes are sufficient to meet emerging challenges to the transmission system, such as the development of interregional transmission facilities, the integration of large amounts of location-constrained generation, and the interconnection of distributed energy resources.

16. The Commission concluded in the July 2008 Order that the planning processes outlined in the Transmission Providers' respective Attachment Ks satisfy the coordination principle,¹³ the transparency principle,¹⁴ and the dispute resolution principle¹⁵ outlined in Order No. 890. Therefore, these principles are not addressed in this order.

¹² Transmission Providers will be used when referring collectively to Avista, Bonneville, and Puget Sound.

¹³ July 2008 Order, 124 FERC ¶ 61,054 at P 24.

¹⁴ *Id.* P 36.

¹⁵ *Id.* P 52.

1. Openness

a. The July 2008 Order

17. The July 2008 Order found that each of the Transmission Providers' respective Attachment Ks were in partial compliance with the openness principle outlined in Order No. 890. The Commission determined it was unclear whether any of the Transmission Providers' Attachment K planning processes provided a mechanism to manage customer and stakeholder access to confidential information that is not critical energy infrastructure information (CEII).¹⁶

b. Compliance Filings

18. Avista and Puget Sound, respectively, propose modifications to their Attachment Ks to include procedures to manage customer and stakeholder access to proprietary data that is not CEII. Specifically, Avista's and Puget's respective Attachment Ks state that a stakeholder must hold membership in WECC, or, in the alternative, execute a non-disclosure agreement with Western Electricity Coordinating Council (WECC) in order to obtain any WECC proprietary data, such as base case data. With regard to Avista and Puget Sound proprietary data, the respective Attachment Ks indicate that a written request must be made to the transmission provider, who within 20 days, must determine whether the requested information is proprietary data, and determine if any conditions must be placed on the release of the data. If necessary, the transmission provider will forward a non-disclosure agreement to the stakeholder for execution. The respective Attachment Ks also state that access must be provided pursuant to a specific order by the Commission, in the event that access to data is denied pursuant to these procedures.¹⁷ Bonneville proposes to develop a mechanism to manage customer and stakeholder access to proprietary data, consistent with the requirements of Order No. 890, through its business practice procedures.¹⁸

c. Commission Determination

19. We find that Avista and Puget Sound partially comply with the Commission's directives in the July 2008 Order. Avista and Puget Sound have revised their Attachment Ks to provide that a stakeholder must hold membership in WECC, or alternatively

¹⁶ *Id.* P 30.

¹⁷ Avista Attachment K, Part III, section 2.1.2; Puget Sound Attachment K, Part VI, sections 9 and 10.

¹⁸ Bonneville Attachment K, Part III, section 6.4.

execute a non-disclosure agreement with WECC in order to obtain any WECC proprietary data, such as base case data. As to confidential WECC planning information, we find that this revision complies with the requirement in Order No. 890 to make confidential planning information available to stakeholders subject to confidentiality protections. However, we find that the procedures proposed by Avista and Puget Sound to provide access to their confidential planning information may unreasonably restrict timely access to confidential planning data that is not CEII because a stakeholder must first submit a written request to the transmission provider and then wait for up to 20 days for a response.¹⁹ The transmission provider will then offer a non-disclosure agreement or deny access. This delay may unreasonably restrict participation and input by stakeholders in the planning process.

20. In Order No. 890, the Commission emphasized that the overall development of the transmission plan and the planning process must remain open, with safeguards in place to ensure that confidentiality and CEII concerns are adequately addressed in transmission planning activities. The Commission required transmission providers, in consultation with affected parties, to develop mechanisms such as confidentiality agreements and password-protected access to information in order to manage confidentiality and CEII concerns.²⁰ Therefore, Avista and Puget Sound are directed to develop a mechanism to provide access on a timelier basis, such as providing access to confidential information upon the execution of a confidentiality agreement, or through password-protections or additional login requirements to protect confidential planning information that is not CEII. Avista and Puget Sound are directed to submit a further compliance filing within 60 days of the date of this order revising their respective Attachment Ks accordingly. We also note that Avista's and Puget Sound's respective Attachment Ks state that access must be provided pursuant to a specific order issued by the Commission. This does not preclude the use of alternative dispute resolution under their respective Attachment Ks.

21. Bonneville in its Attachment K commits to develop procedures to access confidential data that is not CEII through its business practice procedures. We accept this commitment. Bonneville should revise its tariff to incorporate these procedures at the conclusion of this stakeholder process.

¹⁹ The Commission directed transmission providers to develop mechanisms to ensure confidentiality of planning data. However, Avista and Puget Sound refer to proprietary data.

²⁰ *See* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 460.

2. Information Exchange

a. The July 2008 Order

22. The Commission in the July 2008 Order concluded that Puget Sound's and Bonneville's respective Attachment Ks satisfy the information exchange principle. With regard to Avista, the Commission found that, while the Attachment K described the customer data to be exchanged and the method of exchange, it did not include a schedule for submission of the data as required by Order No. 890. Therefore the Commission concluded that Avista's Attachment K partially satisfied the information exchange principle.²¹

b. Avista's Compliance Filing

23. Avista has modified its Attachment K to provide greater specificity for the submittal of information and included a schedule for submission in its Attachment K. For example, Avista's Attachment K states that the submission of data by network, point-to-point customers, and any interested stakeholder with respect to demand response resources, must be submitted to the transmission provider by April 1 of the first year of the local planning process, unless an alternative date is mutually agreed upon by the parties.²² Data may be submitted to Avista by electronic mail to an address provided.

c. Commission Determination

24. Avista has revised its Attachment K to include a specific date for submission of information which satisfies the Order No. 890 requirement to develop guidelines and a schedule for the submittal of such customer information. Therefore, Avista's modifications are in satisfactory compliance with the directives in the July 2008 Order.

3. Comparability

a. The July 2008 Order

25. In the July 2008 Order, the Commission concluded that the Transmission Providers' respective Attachment Ks complied with the comparability principle outlined in Order No. 890.²³ The Commission concluded that the respective planning processes

²¹ July 2008 Order, 124 FERC ¶ 61,054 at P 43-44.

²² Avista Attachment K, Part III, section 2.2.4.

²³ July 2008 Order, 124 FERC ¶ 61,054 at P 48.

ensure that similarly-situated customers are treated comparably with respect to data collection and participation. However, the Commission noted, that because further guidance was provided in Order No. 890-A with regard to the comparability principle, the Transmission Providers did not have an opportunity to demonstrate compliance with the comparability requirements of Order No. 890-A, since Order No. 890-A was issued after the Transmission Providers made their initial transmission planning compliance filings.²⁴ In Order No. 890-A, the Commission provided additional guidance, among other things, as to how the transmission provider can achieve compliance with the comparability principle. Specifically, the Commission stated that the transmission provider needed to identify as part of its Attachment K planning process “how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning.”²⁵ Therefore, the Commission directed Avista, Bonneville, and Puget Sound, respectively, to address these requirements of Order No. 890-A on compliance.

b. Compliance Filings

26. Under its transmission planning process Avista receives data from network customers and point-to-point customers and any stakeholder may provide data for any existing or planned demand response resource to identify projects to mitigate future reliability and load-service requirements for its transmission system. Avista holds an open meeting to give stakeholders an opportunity to provide comments on initial assumptions and input into development of the studies. Upon completion of the studies and issuance of the draft local planning report, Avista conducts another open meeting to review the results.²⁶ During the meeting and for 15 days following the meeting, stakeholders may provide Avista with comments, including alternatives to the projects proposed in the draft local planning report. Avista will address the choice to proceed with projects proposed in the report, or alternatives offered by stakeholders in its final report issued.²⁷ Avista has modified its local transmission planning process to state that alternatives to transmission construction and transmission upgrades will be evaluated in a manner comparable to transmission construction provided that such alternatives shall not conflict with Avista’s state-jurisdictional integrated resource plan process.²⁸ Alternatives may include, but are not limited to, acceleration or expansion of existing projects,

²⁴ *Id.* P 40.

²⁵ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 216.

²⁶ Avista posts the draft report with the notification of the meeting.

²⁷ Avista Attachment K, section 3.3.

²⁸ Avista Attachment K, Part III, section 5.3.

remedial action schemes, additional generation that reduces congestion, interruptible loads, and reactive support.

27. Under Bonneville's transmission planning process, it receives information for loads, generation, and demand response resources and develops base cases using the information received. Bonneville has modified its Attachment K to clarify that "[l]oads and resources submitted [including demand response resource data or non transmission alternatives] ... are modeled in base cases and are therefore included on a comparable basis in system assessments ... and in other studies."²⁹ Bonneville conducts meetings with customers and interested persons to (1) discuss and receive comment on assumptions, methodologies and criteria for future planning studies (in year one of its process); (2) discuss results of system screening studies and possible system upgrades (in year 2 of the process); and (3) discuss conceptual solutions to address identified needs on Bonneville's system (year 3 of the process). If there is significant interest in any of the identified solutions, Bonneville will meet with interested persons to discuss such solutions and invite input. Bonneville's Attachment K further states that it will conduct an Agency-level assessment to consider whether a non-transmission alternative may be developed to address an identified need.³⁰

28. Puget Sound receives planning data from network customers, point-to-point customers and any existing or planned demand response resource under its planning process in development of its transmission studies. Under its planning process, Puget Sound will conduct at least two open public meetings that are intended to "provide for participation in [the] planning process by existing and prospective customers and sponsors of proposals for transmission, generation, and demand response resource projects."³¹ The public meetings are intended to allow the Puget Sound to better understand its customers' forecasts, offer customers and stakeholders an opportunity to offer input on the assumptions and methodologies, and allow existing and prospective customers and sponsors of proposals for transmission, generation and demand response resource projects to propose alternatives to any upgrades identified by Puget Sound.³²

²⁹ Bonneville Attachment K, Part III, section 6.2.1. Bonneville also modified its Attachment K to state that its biennial planning process "considers all resources on a comparable basis."

³⁰ Upon completion of the assessment, Bonneville will determine whether to implement any such non-transmission alternative. *See* Bonneville Attachment K, Part III, section 6.2.2.

³¹ Puget Sound Attachment K, Part VI, section 1.

³² *Id.*

29. In addition, Avista's, Bonneville's, and Puget Sound's respective Attachment Ks state that in the event that a non-transmission owner study team participant proposes a non-transmission alternative,³³ ColumbiaGrid shall direct such participant to the transmission provider on whose system such alternative may exist for discussion, study, and possible transmission owner sponsorship; provided that the transmission owner and ColumbiaGrid will have no obligation to develop or analyze a proposed non-transmission alternative other than to determine whether such alternative either eliminates or delays a need.³⁴

c. Commission Determination

30. We find that the Transmission Providers partially comply with the directives in the July 2008 Order to identify how they will treat resources on a comparable basis and determine comparability for the purposes of transmission planning. Each Transmission Provider receives data from all network, point-to-point customers and demand resources in developing its baseline assumptions. Each Transmission Provider also conducts an open meeting to facilitate discussion and input on these assumptions and methodologies. Upon completion of the planning studies, each Transmission Provider provides stakeholders the opportunity to provide input and propose alternatives to the solutions being considered by the transmission provider. However, Avista, Bonneville and Puget Sound fail to identify how they each will evaluate alternative solutions when determining what facilities will be included in its transmission plan. Furthermore, it is not clear, in Bonneville's Attachment K, whether and when any stakeholder can propose alternatives to Bonneville's local transmission plan.³⁵ Therefore, we require Avista and Puget Sound to submit a further compliance filing within 60 days of the date of this order revising their respective Attachment Ks to explain how they will evaluate and select from among competing solutions such that all types of resources are considered on a comparable

³³ Examples of non-transmission alternatives may include demand-side load reduction programs, peak-shaving projects, and distributed generation. *See* Avista Attachment K, section 5.3; Puget Sound Attachment K, Part VI, section 1. Bonneville's Attachment K does not include this modification.

³⁴ *See* Avista Attachment K, Part V, section 5.3; Bonneville Attachment K, Part IV, section 5.3; Puget Sound Attachment K, Part III, section 5.3.

³⁵ *See, e.g.,* Bonneville Attachment K, Part III, section 2.

basis.³⁶ Likewise, Bonneville should file, within 60 days of the date of this order, a modification to its filing to provide this additional detail in its Attachment K, as noted above for Avista and Puget Sound. Bonneville should also explain when during the planning process, stakeholders may submit alternatives to the Bonneville plan.

31. We note that the Transmission Providers' transmission planning processes allow generation alternatives to be proposed early in the development of the baseline plan and throughout the transmission planning process although their definition of "non-transmission alternative" may not specifically include generation resources. Moreover, although the Transmission Providers' respective Attachment K provisions addressing ColumbiaGrid's planning process discusses "non-transmission alternatives," this language does not preclude participation by merchant transmission as an interested stakeholder nor does it preclude merchant transmission solutions in the planning process. We also note that Avista's Attachment K indicates that consideration of non-transmission alternatives may include, but is not limited to, acceleration or expansion of existing projects, remedial action schemes, additional generation that reduces congestion, interruptible loads, and reactive support. We interpret these alternatives, as encompassing all forms of demand resources.

32. Lastly, we find that the Transmission Providers' respective Attachment K provisions addressing ColumbiaGrid's planning process precludes comparable consideration by sponsors of transmission, generation and demand resource alternatives at the sub-regional level. For example, Avista's, Bonneville's, and Puget Sound's respective Attachment Ks state that in the event that a non-transmission owner study team participant proposes a non-transmission alternative, ColumbiaGrid shall direct such participant to the transmission provider on whose system such alternative may exist for discussion, study, and possible transmission owner sponsorship; provided that the transmission owner and ColumbiaGrid will have no obligation to develop or analyze a proposed non-transmission alternative other than to determine whether such alternative either eliminates or delays a need. This provision precludes comparable consideration of transmission, generation and demand resource alternatives in the study team process, unless sponsored by the transmission owner and does not afford comparable treatment of all resources in identifying enhancements that could relieve congestion or integrate new resources across transmission systems. We find that sponsors of transmission, generation

³⁶ Tariff language could, for example, state that solutions will be evaluated against each other based on a comparison of their relative economics and effectiveness of performance. Although the particular standard a transmission provider uses to perform this evaluation can vary, it should be clear from the tariff language how one type of investment would be considered against another and how the transmission provider would choose one resource over another or a competing proposal.

and demand resource alternatives should not be prohibited from proposing alternatives in the context of the ColumbiaGrid study team process.

33. We, therefore, direct the Transmission Providers to work through their participation in ColumbiaGrid to modify the sub-regional planning process in order that proposed transmission, generation and demand resource alternatives may be considered in the ColumbiaGrid study team process, without requiring sponsorship by a transmission owner. Avista and Puget Sound are therefore directed to submit compliance filings within 60 days of the date of this order, to further address comparable treatment of transmission, generation and demand resource alternatives in the ColumbiaGrid transmission planning process, and to revise this provision accordingly. Likewise, Bonneville should also submit a modification to its filing, within 60 days of the date of this order modifying this provision.

34. With regard to economic planning studies requested by stakeholders, and subject to the required comparability modifications required above, the Transmission Providers' respective Attachment Ks satisfactorily indicate that any stakeholder is able to submit an economic study request to evaluate potential upgrades or other investments to the transmission provider. Specifically, Avista's Attachment K provides that any transmission customer or interested stakeholder may submit a request to Avista for an economic planning study to evaluate potential upgrades or other improvements to its transmission system to, among other things, integrate new resources.³⁷ Bonneville's Attachment K states that any customer, interested person, group of customers, interested persons, or Bonneville's transmission function may submit a request for an economic planning study to Bonneville;³⁸ and Puget Sound's Attachment K states that transmission customers, interested stakeholders, or the transmission provider may submit requests for economic studies to Puget Sound.³⁹

4. Regional Participation

a. The July 2008 Order

35. The July 2008 Order concluded that, by their participation in ColumbiaGrid, Avista's, Bonneville's and Puget Sound's Attachment Ks partially comply with the regional participation principle outlined in Order No. 890.⁴⁰ Specifically, the

³⁷ Avista Attachment K, Part VI, section 1.

³⁸ Bonneville Attachment K, Part I, section 8.2.

³⁹ Puget Sound Attachment K, Part VII, section 2.

⁴⁰ July 2008 Order at, 124 FERC ¶ 61,054 P 64.

Commission noted that Bonneville, Avista, and Puget Sound are members of ColumbiaGrid, have signed the ColumbiaGrid Planning Agreement, and have incorporated into their respective Attachment Ks the ColumbiaGrid sub-regional transmission planning process. The Commission found that, by their participation in ColumbiaGrid, these Transmission Providers generally satisfy the requirement to coordinate with interconnected systems to share system plans and to identify system enhancements that could relieve congestion or integrate new resources. However, with regard to the WECC Transmission Expansion Policy Committee (TEPPC) regional process, the Commission required the Transmission Providers to provide additional details in their respective Attachment Ks, or provide direct links (i.e., URLs) to the appropriate documents on the WECC website where the regional processes to coordinate information and planning efforts are discussed.⁴¹

b. Compliance Filings

36. The Transmission Providers have modified their respective Attachment Ks to state specifically that each is an active member in the WECC and ColumbiaGrid. They also provide further detail concerning (1) the planning and coordination forums in the WECC which include TEPPC and the Planning Coordination Committee, (2) the development and maintenance of the western regional economic study database and performance of economic congestion studies, and (3) participation by individual entities in the WECC planning process, i.e., by attending meetings of the committees and reviewing and commenting on proposed transmission plans and policies.⁴² The Transmission Providers have also modified their respective Attachment Ks to include website links to documents such as the WECC TEPPC Transmission Planning Protocol and other applicable WECC coordination documents.⁴³

37. Avista, Bonneville, and Puget Sound also provide additional details concerning ColumbiaGrid's role as a sub-regional planning group in their respective Attachment Ks. Specifically, the Attachment Ks state that ColumbiaGrid coordinates with other sub-regional planning groups for projects and studies and will participate in the regional planning process through regular joint sub-regional planning group meetings, at least three times yearly. The purpose of these meetings is to review and coordinate study

⁴¹ *Id.* P 65.

⁴² The Attachment Ks also note that while participation is permitted in the majority of activities without membership, WECC membership provides committee voting rights. Avista Attachment K, Part V, section 3; Bonneville Attachment K, Part V; and Puget Sound Attachment K, Part IV, section 1.

⁴³ See <http://www.columbiagrid.org> and <http://www.wecc.biz>.

activities, develop base case assumptions for the WECC, share planning information, and coordinate requests for economic studies for the WECC.⁴⁴

c. Comments

38. RNP/AWEA express support for the additional details provided by Avista, Bonneville, and Puget Sound in their respective compliance filings, and for the expressed commitments to participate in joint sub-regional planning group meetings, to which stakeholders are invited.

d. Commission Determination

39. We find the additional detail provided by the Transmission Providers regarding the WECC planning forums, and the direct links to underlying documents, comply with the directives in the July 2008 Order addressing regional participation. We also find that these proposed revisions provide additional transparency with respect to the process and functions of the WECC TEPPC, and participation by individual entities in the WECC regional transmission planning processes.

5. Economic Planning Studies

a. The July 2008 Order

40. The July 2008 Order concluded that Bonneville's and Puget Sound's economic planning studies procedures outlined in their respective Attachment Ks partially complied with the economic planning studies principle outlined in Order No. 890.⁴⁵ The Commission found that Bonneville's and Puget Sound's local planning processes included procedures for parties to request economic planning studies and criteria to identify a specific number of high priority studies. However, the Commission concluded that it was unclear from their Attachment Ks whether high priority economic planning study requests that affect multiple transmission systems would be conducted by ColumbiaGrid. Bonneville and Puget Sound were directed to provide further clarification. The Commission also found with regard to Avista that it was unclear whether, and to what extent, TEPPC will conduct local economic planning studies on Avista's behalf. Avista was therefore directed to further address its process for conducting local economic planning studies, including the clustering of study requests, or

⁴⁴ Avista Attachment K, Part V, section 2; Bonneville Attachment K, Part IV, section 14; Puget Sound Attachment K, Part III, section 14.

⁴⁵ July 2008 Order, 124 FERC ¶ 61,054 at P 74.

further address TEPPC's role in conducting local economic planning studies on behalf of Avista.⁴⁶

41. The July 2008 Order also directed Avista, Bonneville, and Puget Sound, respectively, to include details in their Attachment Ks on the WECC's TEPPC processes to prioritize and complete regional economic planning studies which require production cost modeling and to provide the links to the appropriate WECC TEPPC documents in which the processes to prioritize and complete regional economic planning studies are discussed.⁴⁷

b. Compliance Filings

42. Avista, Bonneville, and Puget Sound have modified their respective Attachment Ks to describe the role of ColumbiaGrid with respect to economic planning studies under its sub-regional planning process. Specifically, any request for an economic planning study affecting more than one transmission system will be submitted to ColumbiaGrid, and treated as a capacity increase project⁴⁸ under ColumbiaGrid's transmission planning process, with Avista, Bonneville, or Puget Sound, respectively, assuming primary responsibility for leading and performing the necessary analytical work.⁴⁹ In the event that the economic planning study requires production cost modeling, ColumbiaGrid will forward the request to the WECC TEPPC. Additionally, the Transmission Providers state that they have revised their Attachment Ks to include the timeframe during which

⁴⁶ *Id.* P 75.

⁴⁷ *Id.* P 75.

⁴⁸ A capacity increase project is a voluntary modification of the regional interconnected systems undertaken by one or more planning parties that is for the purpose of increasing capacity. A capacity increase project is not driven by an identified need or request for transmission or interconnection service. Under ColumbiaGrid's transmission planning process, a study team is formed and the respective planning party (Avista, Bonneville or Puget Sound) that submitted the request would assume primary responsibility for leading and performing necessary analytical work. These projects are included in the ColumbiaGrid Biennial Report for informational purposes.

⁴⁹ Avista Attachment K, Part VI, section 3; Bonneville Attachment K, Part III, section 13.2; Puget Sound Attachment K, Part VII, section 4.2.

ColumbiaGrid intends to consider requests, how parties will be notified of meetings to discuss the requests, and how and when participants can provide input.⁵⁰

43. Avista clarifies that all local economic planning studies will be forwarded to ColumbiaGrid.⁵¹ It clarifies that any transmission customer or interested stakeholder may submit a request for an economic planning study to evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional basis to Avista. Avista states that requests forwarded to Columbia Grid⁵² will be treated as a capacity increase project under its transmission planning process. Avista's Attachment K further states that "[t]he costs associated with all requests for Economic Planning Studies will be the responsibility of the party that submitted the request." Avista may request a deposit equal to the good faith estimate of the cost of completing the study, prior to initiation of the work.⁵³

44. The Transmission Providers' respective Attachment Ks also indicate that the WECC TEPPC process and criteria for prioritizing and completing economic planning studies is included in the WECC TEPPC Planning Protocol located on the ColumbiaGrid website under the Attachment K link.⁵⁴ Bonneville's Attachment K states that ColumbiaGrid will check the WECC materials at least once per year and post any revised versions of WECC's planning coordination document on the ColumbiaGrid website.⁵⁵

c. Protests

45. RNP/AWEA express support for the additional details provided by the Transmission Providers with regard to the process by which stakeholders can submit

⁵⁰ Avista Attachment K, Part VI, section 3; Bonneville Attachment K, Part III, section 13.1; Puget Sound Attachment K, Part VII, section 4.

⁵¹ Bonneville and Puget Sound explained in their December 7, 2007 filings that they will undertake two and three high priority economic planning studies.

⁵² In the event that the economic planning study requires production cost modeling, ColumbiaGrid may forward the request to the WECC.

⁵³ *See* Avista Attachment K, Part VI, section 3.1 and 3.2.

⁵⁴ Each Transmission Provider includes: <http://www.columbiagrid.org>. *See* Avista Attachment K, Part V, section 3.1; Bonneville Attachment K, Part V, section 13; Puget Sound Attachment K, Part VII, section 4. Puget Sound also includes a more specific URL at <http://www.columbiagrid.org/client/TEPPC-Panning-Protocol.pdf>.

⁵⁵ Bonneville Attachment K, Part V.

requests for economic planning studies, how the requests are evaluated, and which organization will ultimately conduct or coordinate the planning studies. However, it requests additional clarification for requests for economic planning studies which are treated as capacity increase projects within the ColumbiaGrid planning process. RNP/AWEA state that if a study team is formed to perform the economic planning study associated with a capacity increase project, the planning party that submitted the request will become the project sponsor and assume primary responsibility for leading and performing the necessary analytical work. RNP/AWEA states that neither they, nor their members, have the ability to perform the necessary analytical work; therefore, RNP/AWEA requests that the Commission require the Transmission Providers, respectively, to explain how parties can fulfill this role, or explain how a study request from such parties would be addressed in the ColumbiaGrid planning process.

d. Answers

46. In response, Avista explains that all requests for economic planning studies submitted to Avista (including all requests for local economic planning studies) will be forwarded to ColumbiaGrid and Avista, as a planning party to the Planning Agreement, would be the sponsoring party who assumes primary responsibility for the study. Avista states that all costs associated with the requested economic planning study will be passed on to the requester. Likewise, Puget Sound explains that as a planning party to the Planning Agreement, it also would assume primary responsibility for the study. Puget Sound states that three high priority economic studies will be performed annually without direct assignment of costs to the requester. Any other economic studies not considered high priority will be performed at the expense of the requester; however, such performance may be accomplished by Puget Sound assisting the requestor and requestor's third party contractor.

47. ColumbiaGrid states that its procedures under the Planning Agreement are clear. The planning party that submits the economic planning study request becomes the sponsoring party and assumes primary responsibility for leading and performing necessary analytical work.

e. Commission Determination

48. We find those modifications submitted by the Transmission Providers which clarify ColumbiaGrid's role in facilitating economic planning studies comply with the directives in the July 2008 Order. Specifically, under ColumbiaGrid's planning process, the transmission owner who is a party to the Planning Agreement would submit the request for the economic planning study to ColumbiaGrid, sponsor the economic planning study, and take the lead on the study. Therefore, any economic planning study request by RNP/AWEA affecting the regional interconnected transmission system would be forwarded to ColumbiaGrid with the transmission owner who forwarded it assuming primary responsibility for the study, including conducting the necessary analytical work.

If the study requires production cost modeling, ColumbiaGrid will forward the request to the WECC TEPPC. In addition, we find that the links to the appropriate WECC TEPPC documents in which the processes to prioritize and complete regional economic planning studies are discussed have been provided in compliance with the July 2008 Order.

49. In its compliance filing, Avista clarifies that all requests for local economic planning studies are forwarded to ColumbiaGrid with Avista taking the lead on such studies. However, Avista's Attachment K modifications addressing economic planning studies do not comply with the July 2008 Order and Order No. 890. Specifically, Avista's Attachment K does not specify how many local economic planning studies will be conducted annually, nor does it set forth procedures under which stakeholders can identify high priority studies. Avista's Attachment K indicates that it will forward all requests to ColumbiaGrid, "with the same priority level." Avista's Attachment K also does not indicate how, or if, requests for local economic planning studies can be clustered or batched. Additionally, Avista proposes to assign costs for all economic planning studies to the party that requests the study in all instances. This is contrary to Order No. 890 where the Commission determined that the cost of a certain number of high priority studies would be recovered as part of the transmission provider's overall OATT cost of service, and the cost of additional studies would be borne by the stakeholder(s) requesting the study.⁵⁶ Avista is therefore directed to submit a further compliance filing addressing these requirements for conducting local economic planning studies within 60 days of the date of this order.

6. Cost Allocation

a. The July 2008 Order

50. The July 2008 Order concluded that Avista's, Bonneville's, and Puget Sound's respective planning processes were in partial compliance with the cost allocation principle in Order No. 890.⁵⁷ The Commission stated that while ColumbiaGrid's cost allocation recommendations were based on the factors articulated in Order No. 890 and furthered the Commission's objectives, Order No. 890 requires a specific cost allocation methodology be reflected up front in Attachment K, rather than considered on a case-by-case basis. The July 2008 Order directed the Transmission Providers to work through their participation in ColumbiaGrid to further refine a specific methodology for cost allocation. The July 2008 Order further noted that Bonneville, Avista, and Puget Sound

⁵⁶ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 542-51.

⁵⁷ July 2008 Order, 124 FERC ¶ 61,054 at P 84.

did not address upgrades to their respective transmission systems stemming from the transmission planning process and sought additional information.⁵⁸

51. The July 2008 Order also concluded that the Transmission Providers, for upgrades to their respective transmission systems stemming from the transmission planning processes for which Bonneville, Avista and Puget Sound do not already have an existing methodology, did not address Order No. 890's cost allocation principle. Such upgrades would include an economic project designed to alleviate congestion in a particular area of the transmission system as determined by an economic planning study.

i. Cost Allocation for Local Projects

52. Avista clarifies that its local planning process will identify the single system projects that are necessary to ensure the reliability of the transmission system and to otherwise meet the needs of long term firm transmission service and native load obligations. The costs associated with projects identified in its local transmission planning report will be incorporated into appropriate state and federal rates upon approval.⁵⁹ All other upgrades shall constitute enhanced reliability upgrades and shall be fully allocated to the requesting party or parties. The requesting customer shall pay the estimated costs of the enhanced reliability upgrade as such costs are incurred and shall be subject to a true-up to the actual costs. These costs are recovered pursuant to the service agreement under which the customer takes transmission service.⁶⁰

53. Bonneville explains that under its current practice single system projects on its system resulting from its transmission plan would be recovered in Bonneville's existing transmission rates.⁶¹ In the event that it develops a different cost allocation for single system projects in the future, it will conduct a rate proceeding in accordance with section

⁵⁸ *Id.* P 84-85.

⁵⁹ Avista Attachment K, Part I, section 9.

⁶⁰ *See* Avista Attachment K, Part I, section 10.3. Cost allocation for projects identified through an economic planning study performed by ColumbiaGrid will be treated as a capacity increase project and decided in a study team with a recommendation by ColumbiaGrid, if the study team is unable to come to voluntary agreement on the cost allocation. *See* Avista Attachment K Part IV, section 11.3.1. ColumbiaGrid's recommendation is non-binding, but can be used by the study team to facilitate agreement.

⁶¹ Bonneville states that it does not have an incremental cost rate for new facilities, but may develop such a rate in a transmission rate proceeding.

7(i) of the Northwest Power Act,⁶² and upon completion of the section 7(i) proceeding, the Commission would review the transmission cost allocation.

54. Puget Sound also clarifies that upon conclusion of a local economic planning study, one or more transmission customers may request the installation of an enhanced reliability upgrade by written request to Puget Sound. Puget Sound defines enhanced reliability upgrades as local upgrades that are not included in the final local transmission plan, are solely for the benefit of a customer or customers, are not otherwise required to be provided by Puget Sound, and that are not intended to increase transmission capacity under the OATT on Puget Sound's system.⁶³ The costs of such enhanced reliability upgrades will be allocated equally among transmission customer(s) that request such upgrades.⁶⁴ Additionally, Puget Sound's Attachment K states that no requesting transmission customer will receive any ownership interest in the transmission system as a result of any enhanced reliability upgrade and no enhanced reliability upgrade shall result in an increase in the firm or non-firm transmission service rights of any requesting transmission customer or result in a change in the curtailment priority or rights or obligations of any requesting transmission customer.⁶⁵

ii. Cost Allocation for Projects Considered by ColumbiaGrid

55. In response to the Commission's directive to work through their participation in ColumbiaGrid to further refine a specific methodology for cost allocation, the Transmission Providers have modified their respective Attachment Ks to incorporate additional detail from the ColumbiaGrid Planning Agreement concerning cost allocation for those projects considered under ColumbiaGrid's transmission planning process.⁶⁶ Each Attachment K reflects ColumbiaGrid's cost allocation methodology for various projects affecting the regional interconnected transmission system. ColumbiaGrid provides cost allocation recommendations to facilitate mutual agreement by parties on cost allocation in the study team process.

⁶² 16 U.S.C. § 839e(1) (2006).

⁶³ Puget Sound Attachment K, Part VIII.

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ ColumbiaGrid considers projects affecting more than a single transmission system. *See* Avista Attachment K, Part IV, section 11; Bonneville Attachment K, Part IV, section 11; and Puget Sound Attachment K, Part III, section 11.

56. The Transmission Providers' revised Attachment Ks incorporate cost allocation provisions for existing obligation projects,⁶⁷ requested service projects,⁶⁸ and capacity increase projects. For existing obligation projects, a cost allocation must be agreed by the parties in the study team in order for the project to be reflected in the ColumbiaGrid Biennial Plan or plan update. In the event that agreement cannot be reached, ColumbiaGrid will recommend who should bear the costs and assign an equitable sharing of the costs, taking into consideration the causation of the need giving rise to the project, and any delay or elimination of need as a result of the project.⁶⁹

57. Likewise, for requested service projects, the parties in the study team must agree to a cost allocation in order for the project to be reflected in the ColumbiaGrid Biennial Plan or plan update. In the event that agreement cannot be reached on cost allocation for a requested service project, ColumbiaGrid will make an equitable allocation based upon the affected transmission provider's open access tariff requirements, and the delay or elimination of the need. ColumbiaGrid may allocate costs, by written agreement, to the transmission provider that has the need that is met by the requested service project.

58. Capacity increase projects must include an associated cost allocation to be included in the ColumbiaGrid Biennial Plan, or plan update. If a study team cannot voluntarily agree on the cost allocation, ColumbiaGrid will offer a non-binding recommendation, subject to the Planning Agreement, with consideration of (1) whether a cost allocation fairly assigns costs among participants, including those who cause them to be incurred, and those who otherwise benefit from them; (2) whether a cost allocation proposal provides adequate incentives to construct new transmission; and (3) whether the proposal is generally supported by the State authorities and participants in the region.

⁶⁷ Existing obligation projects include any modification to be made to the regional interconnected transmission systems that is for the purpose of meeting an identified need.

⁶⁸ Requested service projects include new transmission and interconnection requests where a transmission provider has a completed transmission service request which will require an upgrade that will impact another transmission system, and the customer indicates that it wants to pursue further study.

⁶⁹ In addition, where there are two affected transmission providers, and one has a need and the best way to meet that need is to upgrade facilities on the other transmission provider's system, ColumbiaGrid may allocate costs to the transmission provider causing the need, by written agreement offered to the parties. ColumbiaGrid may also allocate costs by written agreement to a transmission provider whose need does not give rise to project, but that has a need during the planning horizon that is met by such project.

b. Protests

59. RNP/AWEA argue that the Transmission Providers' respective modifications are not consistent with the requirements of Order No. 890 and the July 2008 Order. RNP/AWEA state that the compliance filings lay out a process that is governed by a set of principles under which planning parties may come to a mutual agreement over cost allocation. The ColumbiaGrid Board may make a cost allocation recommendation to planning parties to help facilitate mutual agreement. RNP/AWEA state that this represents a case-by-case approach to cost allocation, and does not provide the full benefits that an up-front cost allocation methodology offers. RNP/AWEA state that given its institutional structure, ColumbiaGrid does not have authority to bind parties to a cost allocation methodology or bind parties to a specific cost allocation requirement related to a particular transmission upgrade project. RNP/AWEA states that this institutional limitation makes it difficult for the Transmission Providers to meet the requirements of Order No. 890 and the July 2008 Order.⁷⁰

60. RNP/AWEA suggests that this issue be addressed at the Commission's technical conferences to evaluate the progress made through implementation of the nine principles in each transmission provider's Attachment K. In the event that the Commission accepts the Transmission Providers' respective compliance filings, RNP/AWEA asks that the Commission state that each must file annual status reports detailing how its cost allocation process is functioning. In particular, the reports should detail whether each of the Transmission Provider's respective cost allocation processes is effective in moving projects from planning to construction. In addition, RNP/AWEA request that the Commission state that it will reconsider any such approval if actual experience, as demonstrated by the status reports and or subsequent proceedings, demonstrates that the cost allocation proposal does not achieve the goals of Order No. 890.

c. Answers

61. ColumbiaGrid, Avista, and Puget Sound, in their respective answers, argue that ColumbiaGrid's cost allocation is up-front and clear, and the methodology will not vary on a case-by-case basis, notwithstanding the fact that an alternative arrangement can be agreed upon by the parties. They recognize that few cost allocation methodologies for Order No. 890 regional planning processes have been accepted by the Commission and note that the Commission's decision in *El Paso Electric Company, et al.*,⁷¹ makes clear

⁷⁰ RNP/AWEA state that this problem exists in other sub-regional planning groups across the country where the institutional structure of the planning group lacks the ultimate authority to issue binding transmission infrastructure cost allocations or provide a backstop.

⁷¹ Avista Answer at p. 6 (citing *El Paso Electric Co.*, 124 FERC ¶ 61,051 (2008)).

that the cost allocation methodology set forth in Attachment K does not need to be all-inclusive in its breadth. They state that the key concern of the Commission, that the cost allocation methodology “must be clearly defined, as participants seeking to support new transmission investment need some degree of certainty regarding cost allocation to pursue that investment that,”⁷² is satisfied because the methodology provides participants with up-front knowledge that, unless they can reach an alternative arrangement through the study team process, the recommended allocation of costs will be based on ColumbiaGrid’s cost allocation principles.

62. ColumbiaGrid, Avista, and Puget Sound also argue that the annual reports called for by RNP/AWEA are unwarranted and unnecessary because ColumbiaGrid already provides sufficient and transparent mechanisms to monitor progress in its planning process. They note that ColumbiaGrid’s Biennial Plan and plan updates will identify the cost allocations associated with those transmission projects that are included. They also state that the study team process, through which cost allocations are determined, is open to participation by all interested persons. Additionally the Commission has required its staff to monitor the implementation of the planning process periodically, to determine if adjustments are necessary and provide recommendations.

d. Commission Determination

63. We find Avista’s and Puget Sound’s modifications to their respective Attachment Ks addressing cost allocation for local upgrades to their respective transmission systems stemming from the transmission planning processes comply with the requirements of Order No. 890. The respective Attachment Ks provide that the costs of projects for which no existing cost allocation mechanism exists under their OATTs will be allocated to the party or parties requesting such upgrades.⁷³

64. For existing obligation projects, ColumbiaGrid can offer, by written agreement to the parties, an equitable sharing of costs based on cost-causation principles. For requested service projects, ColumbiaGrid can offer, by written agreement to the parties, an equitable sharing of costs based on the Transmission Provider’s tariff. ColumbiaGrid may also offer an allocation of costs to the Transmission Provider with the identified need. We interpret the Transmission Providers’ proposal to mean that costs for these

⁷² *El Paso Electric Co.*, 124 FERC ¶ 61,051 at P 47.

⁷³ Bonneville notes the costs of local system projects are currently recovered in its existing transmission rates, and any different cost allocation would be conducted through a rate proceeding under the Northwest Power Act.

projects are shared equally, unless parties to the study team otherwise agree to a different allocation method.⁷⁴

65. However, we find that the proposed cost allocation methodology for capacity increase projects under the ColumbiaGrid planning process does not comply with Order No. 890, because ColumbiaGrid's proposal to provide a cost-allocation recommendation for such projects that only follows the general principles articulated in Order No. 890 does not constitute a specific methodology. Therefore, we direct the Transmission Providers again to work through their participation in ColumbiaGrid to offer a methodology to be incorporated into their respective Attachment Ks.⁷⁵ We require Avista and Puget Sound to submit a further compliance filing within 60 days of the date of this order revising their respective Attachment Ks to include a cost allocation methodology for capacity increase projects under the ColumbiaGrid planning process. Bonneville should also file, within 60 days of the date of this order, a modification to its filing to provide this additional detail in its Attachment K.

66. The Commission also finds it unnecessary for each Transmission Provider to submit annual status reports or convene a separate technical conference specifically for the Transmission Providers. As discussed above, the Commission is committed to convening regional technical conferences later this year in order to discuss whether refinements to the approved planning processes are required.⁷⁶ We envision that the regional technical conference will afford opportunity for issues unique to each region to be discussed.

⁷⁴ As noted above, for existing obligation projects, ColumbiaGrid can offer, by written agreement to the parties, an equitable sharing of costs based on cost-causation principles. For requested service projects, ColumbiaGrid can offer, by written agreement to the parties, an equitable sharing of costs based on the Transmission Provider's tariff. ColumbiaGrid may also offer an allocation of costs to the Transmission Provider with the identified need.

⁷⁵ *See Entergy Services, Inc.*, 127 FERC ¶ 61,272, at P 163 (2009) (finding with regard to cost allocation that if the parties do not agree to a different cost allocation, the cost of any upgrade will be allocated to the transmission owner that constructs that upgrade and the transmission owner will then allocate the costs of the upgrade pursuant to its own OATT.).

⁷⁶ Notice of the Commission's technical conferences was issued June 30, 2009, in Docket No. AD09-8-000.

7. Recovery of Transmission Planning Costs

a. The July 2008 Order

67. The July 2008 Order concluded that Bonneville provided a sufficient explanation of its cost recovery of transmission planning costs; the Commission directed Avista and Puget Sound to clarify how they each intended to recover their transmission planning costs.⁷⁷

b. Avista's and Puget Sound's Compliance Filings

68. Avista clarifies that it will bear the costs of facilitating its local transmission planning process, including meeting facilities and materials, and will seek recovery of these costs in applicable state and federal rate setting processes.⁷⁸ Puget Sound modified its Attachment K to state that costs associated with the Attachment K process, including its share of the ColumbiaGrid planning costs, will be recovered through Puget Sound's rates.⁷⁹

c. Commission Determination

69. We find that the modifications proposed by Avista and Puget Sound respectively provide the necessary clarification regarding their recovery of transmission planning costs and are therefore accepted for filing.

The Commission orders:

(A) Bonneville's petition for a declaratory order is hereby granted, subject to further compliance filing, as discussed in the body of this order.

(B) Bonneville's request for exemption from the filing fee is hereby granted.

(C) Avista's compliance filing is hereby accepted, subject to further compliance filing, as discussed in the body of this order.

⁷⁷ July 2008 Order 124, FERC ¶ 61,054 at P 86.

⁷⁸ Avista Attachment K, Part III, section 2.3. Avista will not provide recovery of any costs incurred by parties participating in the Attachment K planning process.

⁷⁹ Puget Sound Attachment K, Part V, section 7. Puget Sound will not provide reimbursement of any costs incurred by other entities or persons participating in the planning process under Attachment K

(D) Puget Sound's compliance filing is hereby accepted, subject to further compliance filing, as discussed in the body of this order.

(E) Avista and Puget Sound are hereby directed to submit their respective compliance filings within 60 days of the date of this order.

(F) Bonneville should submit further modifications to its filing within 60 days of the date of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.