

151 FERC ¶ 61,127
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Philip D. Moeller, Cheryl A. LaFleur,
Tony Clark, and Colette D. Honorable.

Avista Corporation	Docket Nos. ER13-94-004 ER15-422-000
Puget Sound Energy, Inc.	ER13-99-003 ER15-429-000
MATL LLP	ER13-836-003

ORDER ON COMPLIANCE FILINGS

(Issued May 14, 2015)

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1. On September 18, 2014, the Commission issued an order accepting, subject to modifications,¹ the second compliance filings submitted by Avista Corporation (Avista), Puget Sound Energy, Inc. (Puget Sound), and MATL LLP (MATL) (together, ColumbiaGrid Public Utilities). The second compliance filings were made to comply with directives in a June 20, 2013 order accepting, subject to modifications,² the first compliance filings submitted by ColumbiaGrid Public Utilities and Bonneville Power Administration (Bonneville Power)³ to comply with the local and regional transmission planning and cost allocation requirements of Order No. 1000.⁴
2. On November 17, 2014, ColumbiaGrid Public Utilities each separately submitted, pursuant to section 206 of the Federal Power Act (FPA),⁵ revisions to Attachment K of

¹ *Avista Corp.*, 148 FERC ¶ 61,212 (2014) (Second Compliance Order).

² *Avista Corp.*, 143 FERC ¶ 61,255 (2013) (First Compliance Order).

³ In the First Compliance Order, the Commission noted that Bonneville Power is not a public utility under section 201 of the FPA, 16 U.S.C. § 824 (2012), and is not subject to Commission directives made pursuant to FPA section 206; however, in reviewing proposed revisions to Bonneville Power's OATT, the Commission indicated further revisions were needed in order for Bonneville Power's OATT to substantially conform to the *pro forma* OATT, as modified by Order No. 1000. First Compliance Order, 143 FERC ¶ 61,255 at P 2 n.4. However, Bonneville Power has not, at this time, submitted a compliance filing with further revisions.

⁴ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S. C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

⁵ 16 U.S.C. § 824e (2012).

their respective Open Access Transmission Tariffs (OATT)⁶ to comply with the Second Compliance Order. ColumbiaGrid Public Utilities also filed the Amended ColumbiaGrid Order 1000 Functional Agreement (Amended Functional Agreement) as Rate Schedule FERC No. CG2, for Commission review. The proposed OATT revisions and Amended Functional Agreement comprise ColumbiaGrid Public Utilities' Third Compliance Filings. In this order, we conditionally accept for filing, subject to further compliance filing, ColumbiaGrid Public Utilities' Third Compliance Filings, effective January 1, 2015, as requested.

I. Background

3. In Order No. 1000, the Commission adopted a package of reforms addressing transmission planning and cost allocation that, taken together, are designed to ensure that Commission-jurisdictional services are provided at just and reasonable rates and on a basis that is just and reasonable and not unduly discriminatory or preferential. In particular, regarding regional transmission planning, Order No. 1000 amended the transmission planning requirements of Order No. 890⁷ to require that each public utility transmission provider: (1) participate in a regional transmission planning process that produces a regional transmission plan; (2) amend its OATT to describe procedures for the consideration of transmission needs driven by public policy requirements established by local, state, or federal laws or regulations in the local and regional transmission planning processes; and (3) remove federal rights of first refusal from Commission-jurisdictional tariffs and agreements for certain new transmission facilities.

⁶ Avista Corporation, FERC Electric Tariff Volume No. 8 (OATT), Attachment K (Transmission Planning Process), Part IV (ColumbiaGrid Transmission Planning Process) (8.0.0); Puget Sound Energy, OATT, Attachment K (Transmission Planning Process), Part III (ColumbiaGrid Transmission Planning Process) (4.0.0); MATL, Original Volume No. 0 (OATT), Title Page, Attachment K (Transmission Planning Process), Part III (ColumbiaGrid Transmission Planning Process) (3.0.0). In this order, we generally use Avista's OATT for specific references to the ColumbiaGrid transmission planning process, rather than referencing the same provision in each respective OATT.

⁷ *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, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

4. The regional cost allocation reforms in Order No. 1000 also required each public utility transmission provider to set forth in its OATT a method, or set of methods, for allocating the costs of new regional transmission facilities selected in a regional transmission plan for purposes of cost allocation. Order No. 1000 also required that each cost allocation method adhere to six cost allocation principles.

5. On October 11, 2012 and January 30, 2013,⁸ ColumbiaGrid Public Utilities and Bonneville Power filed initial revisions to Attachment K of their respective OATTs, and separately filed revisions to the ColumbiaGrid Third Restated Planning and Expansion Functional Agreement (Restated PEFA) to comply with the local and regional transmission planning and cost allocation requirements of Order No. 1000 (First Compliance Filings). On June 30, 2013, the Commission accepted ColumbiaGrid Public Utilities' First Compliance Filings, subject to further modifications to be filed within 120 days of the date of issuance of the order.

6. On December 17, 2013 and December 18, 2013,⁹ ColumbiaGrid Public Utilities each filed revisions to Attachment K of their respective OATTs (Second Compliance Filings), and separately filed the original ColumbiaGrid Order 1000 Functional Agreement (Functional Agreement), for informational purposes, in replacement of the Restated PEFA.¹⁰ On September 18, 2014, the Commission accepted ColumbiaGrid Public Utilities' Second Compliance Filings, subject to further modifications to be filed within 60 days of the date of issuance of the order.

⁸ Avista, Puget Sound, and Bonneville Power submitted their compliance filings on October 11, 2012, while MATL submitted its compliance filing on January 30, 2013.

⁹ Avista and MATL submitted their compliance filings on December 17, 2013, while Puget Sound submitted its compliance filing on December 18, 2013.

¹⁰ ColumbiaGrid Public Utilities stated that the Restated PEFA would not become effective unless the Commission granted rehearing of the First Compliance Order. The ColumbiaGrid Public Utilities negotiated a new functional agreement under which Columbia Grid staff will conduct Order No. 1000 transmission planning in order to facilitate and comply with Order No. 1000 and the directives in the First Compliance Order and further indicated that the pre-Order No. 1000 PEFA would remain in effect. *See* Second Compliance Order, 148 FERC ¶ 61,212 at P 12.

II. Notice of Filing and Responsive Pleadings

7. Notice of Avista's compliance filings in Docket Nos. ER13-94-004 and ER15-422-000,¹¹ and Puget Sound's compliance filings in Docket Nos. ER13-99-003 and ER15-429-000,¹² was published in the *Federal Register*, 79 Fed. Reg. 70,171-01 (2014), with interventions and protests due on or before December 8, 2014. Notice of MATL's compliance filing in ER13-836-003¹³ was published in the *Federal Register*, 79 Fed. Reg. 70,174-01 (2014), with interventions and protests due on or before December 8, 2014.

8. The following parties submitted motions to intervene in Docket Nos. ER15-422-000 and ER15-429-000: the City of Seattle, Washington, acting by and through its City Light Department; the City of Tacoma, Washington, Department of Public Utilities, Light Division, doing business as Tacoma Power; Public Utility District No. 1 of Chelan County, Washington; Public Utility District No. 2 of Grant County, Washington; and Public Utility District No. 1 of Snohomish County, Washington (jointly, Northwest Governmental Utilities); Transmission Agency of Northern California; Bonneville Power; ColumbiaGrid; and MATL. Northwest Governmental Utilities and NaturEner US, LLC submitted motions to intervene in Docket No. ER13-836-003. Avista filed a motion to intervene in Docket Nos. ER15-429-000 and ER13-836-003. Puget Sound submitted a motion to intervene in Docket Nos. ER15-422-000 and ER13-836-003. Bonneville Power also filed comments in support of the compliance filings.

III. Discussion

A. Procedural Matters

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

¹¹ Avista has filed its Attachment K in Docket No. ER13-94-004, and Amended Functional Agreement in Docket No. ER15-422-000.

¹² Puget Sound's Filings in these dockets are identical.

¹³ MATL has filed both its Attachment K and Amended Functional Agreement in Docket No. ER13-836-003.

B. Substantive Matters

10. As discussed below, we conditionally accept for filing, subject to further compliance filings, ColumbiaGrid Public Utilities' Third Compliance Filings, effective January 1, 2015, as requested.

1. Overview of Regional Transmission Planning under the Revised Proposal

11. During January of each year, but not later than March 31, ColumbiaGrid staff will hold an Order 1000 Needs Meeting,¹⁴ for the purpose of discussing potential Order No. 1000 needs that should be included in the upcoming system assessment.¹⁵ ColumbiaGrid staff, in coordination with parties to the Amended Functional Agreement¹⁶ and stakeholders, will conduct a system assessment to identify regional needs that are driven by reliability requirements, economic considerations, or public policy requirements projected to occur during the planning horizon.¹⁷ The system assessment, as revised, discussed further below, will identify the reliability, economic, and public

¹⁴ The Order 1000 Needs Meeting is defined as the annual meeting to discuss which potential regional transmission needs should be included in the upcoming system assessment. *E.g.*, Amended Functional Agreement § 1.43.

¹⁵ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 3.1; Amended Functional Agreement, Appendix A, § 3.1.

¹⁶ The parties to the Amended Functional Agreement include those entities that have signed the Amended Functional Agreement and either: (1) have enrolled in the ColumbiaGrid region (i.e., Enrolled Parties), or (2) are non-public utility transmission providers that have not enrolled in the region (i.e., Governmental Non-Enrolled Parties). *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 16 & Appendix A, § 1.37. Currently, Avista, Puget Sound, and MATL are the only enrolled members of the ColumbiaGrid transmission planning region and parties to the Amended Functional Agreement.

¹⁷ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 3.1; Amended Functional Agreement, Appendix A, § 3.1. By contrast, under the pre-Order No. 1000 PEFA, ColumbiaGrid staff, in coordination with the PEFA Planning Parties and stakeholders, conducts system assessments to determine the ability of each party to serve its network load, native load obligations, and long term firm obligations over the planning horizon. Avista, Rate Schedule No. CG1, Planning and Expansion Functional Agreement, Second Amendment, Appendix A, § 3.1.

policy needs of Enrolled Parties and non-public utilities that have signed the Amended Functional Agreement as Governmental Non-Enrolled Parties.¹⁸

12. Using the system assessment, ColumbiaGrid staff, in coordination with parties to the Amended Functional Agreement and stakeholders, will identify needs and develop need statements¹⁹ for which potential solutions will be identified, evaluated, and tasked to study teams.²⁰ ColumbiaGrid staff will form study teams to address the identified needs. Study teams evaluate proposed solutions, including proposed transmission projects, non-transmission alternatives, and conceptual solutions, which are reflected in the need statement. If a study team determines that a party that is not participating in the study team would be materially affected by a proposed solution being developed, ColumbiaGrid staff will notify such party.²¹ The general objective of the study team is the collaborative and timely development of a plan that includes proposed transmission projects to address the identified need, which will be included in a final study team report.²² Under the proposal, ColumbiaGrid staff, in consultation with the study team,

¹⁸ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 1.7.1; Amended Functional Agreement, Appendix A, § 2.6.

¹⁹ Factors used in selecting needs from among potential needs to be included in the system assessment include the level and support for addressing a potential need, feasibility of addressing the need, the extent to which addressing a potential need would also address other potential needs, and the factual basis supporting the need. Need statements are posted for public comment and are submitted to the ColumbiaGrid Board of Directors (ColumbiaGrid Board) for review. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), §§ 3.1, 3.2. ColumbiaGrid is managed by an independent three-member elected Board who undertakes activities and services pursuant to functional agreements approved by the members of the corporation. *See* ColumbiaGrid, Sixth Revised Bylaws, Article VI, §§ 6.1, 6.2.

²⁰ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 4. ColumbiaGrid staff's process of forming study teams and the process of evaluating proposed solutions to address identified needs is also utilized under the pre-Order No. 1000 PEFA.

²¹ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 4.2.1; Amended Functional Agreement, Appendix A, § 4.2.1.

²² The study team develops all required elements of a plan to address a need by applying solution evaluation factors including an assessment of whether there is a solution that is a more efficient or cost-effective alternative. *E.g.*, Avista, OATT,

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reviews each plan that is included in the final study team report to assess whether needs, taken together, can be met by any more efficient or cost-effective solution. If any transmission solution is identified by such an assessment, ColumbiaGrid staff will then develop information needed for use by the study team to consider such a transmission solution (except for the identity of the transmission developer).²³

13. Under the transmission planning process, no later than 30 days after the issuance of a final study team report, an Enrolled Party may submit a request for ColumbiaGrid staff to identify those transmission projects that are *eligible* for regional cost allocation. Upon receipt of such request, ColumbiaGrid staff, in consultation with stakeholders, will identify any proposed transmission project that is a more efficient or cost-effective solution to an identified need from among the proposed projects included in a final study team report.²⁴ Those transmission projects selected as more efficient or cost-effective solutions by ColumbiaGrid staff are eligible for regional cost allocation.²⁵

14. Under ColumbiaGrid Public Utilities' revised OATTs and Amended Functional Agreement, no later than 60 days after ColumbiaGrid staff has posted a description of any eligible transmission project, an Enrolled Party may request regional cost allocation for any such eligible transmission project for which such Enrolled Party is a proponent.²⁶ The Enrolled Party requesting cost allocation may be an incumbent or nonincumbent transmission developer that does not currently own or operate a transmission facility.²⁷

Attachment K, Part IV (8.0.0), §4.3; Amended Functional Agreement § 4.3 at Appendix A.

²³ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 4.4; Amended Functional Agreement, Appendix A, § 4.4.

²⁴ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 5.1; Amended Functional Agreement, Appendix A, § 5.1.

²⁵ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 5.1; Amended Functional Agreement, Appendix A, § 5.1.

²⁶ Any such request must be submitted in writing to ColumbiaGrid staff and any requests submitted after the foregoing deadline will not be considered. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 5.2; Amended Functional Agreement, Appendix A, § 5.2.

²⁷ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 5.2, Appendix A; Amended Functional Agreement, Appendix A, §§ 1.37, 5.2.

Upon receipt of such request, the ColumbiaGrid Board, in an open and public process, reviews eligible transmission projects to confirm that the eligible transmission project is a more efficient or cost-effective solution to meet a need.²⁸ An eligible transmission project that the ColumbiaGrid Board confirms is a more efficient or cost-effective transmission project becomes an Order 1000 Project.²⁹

15. Under the transmission planning process, after a transmission project is designated as an Order 1000 Project and prior to applying the regional cost allocation method, all Enrolled Parties and Governmental Non-Enrolled Parties are given an opportunity to reach a written agreement on project implementation, including responsibility for funding the project, during a six month negotiation period.³⁰ If the six month negotiation period (or extended negotiation period, if requested) has expired and no agreement on implementation for the Order 1000 Project has been reached, ColumbiaGrid will perform a preliminary cost allocation by applying the regional cost allocation method whereby Beneficiaries³¹ are deemed to include any Governmental Non-Enrolled Parties, and

²⁸ The ColumbiaGrid Board will document and post the reasons for its conclusion in the event that it does not confirm that an eligible transmission project is a more efficient or cost-effective transmission solution to meet a need.

²⁹ Order 1000 Projects are those transmission projects that are determined by the ColumbiaGrid Board to be the more efficient or cost-effective solution to a need, whose costs will be allocated pursuant to the regional cost allocation method, unless project funding is negotiated separately before application of the regional cost allocation method. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), §§ 5.1, 5.3; Amended Functional Agreement, Appendix A, §§ 5.1, 5.33.

³⁰ This negotiation period can be extended if requested by all Enrolled Parties and is agreed to by all affected persons and stakeholders. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 5.4; Amended Functional Agreement, Appendix A, § 5.4.

³¹ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 6; Amended Functional Agreement, Appendix A, § 6. The definition of Order 1000 Beneficiary has been revised in ColumbiaGrid Public Utilities' respective OATTs and Amended Functional Agreement to be consistent with the provisions that provide for a preliminary cost allocation that includes Governmental Non-Enrolled Parties. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), Appendix A; Amended Functional Agreement § 1.30.

Benefits³² are deemed to include benefits calculated pursuant to the Amended Functional Agreement for each Governmental Non-Enrolled Party as if it were an Enrolled Party.³³ After conducting the preliminary cost allocation, ColumbiaGrid Public Utilities will allow an additional 60 day negotiation period for Order 1000 Projects for which there are one or more Government Non-Enrolled Parties included in the preliminary cost allocation.³⁴

16. In the event that the 60 day negotiation period expires and no agreement is reached, ColumbiaGrid staff will re-perform a preliminary cost allocation, under which Enrolled Parties are the only Beneficiaries,³⁵ and will reflect its findings in a draft preliminary cost allocation report.³⁶ The preliminary cost allocation report is submitted to the ColumbiaGrid Board for review, as part of the draft regional transmission plan. The ColumbiaGrid Board reviews each transmission project³⁷ and reviews the draft

³² The definition of Order 1000 Benefits has been revised in ColumbiaGrid Public Utilities' respective OATTs and Amended Functional Agreement to be consistent with the provisions that provide for a preliminary cost allocation that includes Governmental Non-Enrolled Parties. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), Appendix A; Amended Functional Agreement § 1.31.

³³ *E.g.*, Avista Transmittal Letter at 6.

³⁴ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 6.4; Amended Functional Agreement, Appendix A, § 6.4.

³⁵ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 6; Amended Functional Agreement, Appendix A, § 6.

³⁶ The preliminary cost allocation report includes the results of ColumbiaGrid's benefit to cost ratio and if any, the application of the method to such transmission project. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 6.4; Amended Functional Agreement, Appendix A, § 6.4.

³⁷ The ColumbiaGrid Board reviews and approves the preliminary determination that the transmission project meets the underlying need and is consistent with the applicable solution evaluation factors, the determination by ColumbiaGrid staff that the transmission project should be designated as an Order 1000 Project, and the preliminary cost allocation report. The ColumbiaGrid Board also reviews the documentation relating to any other alternative that was considered by a study team. Those elements not approved by the ColumbiaGrid Board will be remanded to ColumbiaGrid staff, who in cooperation with the study team, may revise its preliminary determinations and resubmit

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regional transmission plan in an open, public process. The review and adoption of the biennial regional transmission plan by the ColumbiaGrid Board is based on the technical merits and the consistency of each transmission project with the terms and conditions of the Functional Agreement.³⁸ The biennial regional transmission plan will include a list of any Order 1000 Projects approved by the ColumbiaGrid Board, as well as a final cost allocation report for every Order 1000 Project for which the benefit-to-cost ratio has been determined to be 1.25 or greater.³⁹

a. Second Compliance Order

17. In the Second Compliance Order, the Commission held that because the Functional Agreement governs ColumbiaGrid Public Utilities' proposed Order No. 1000 process, the Functional Agreement should have been included as part of ColumbiaGrid Public Utilities' compliance filings for Commission review, and not as an informational filing.⁴⁰ Accordingly, the Commission directed ColumbiaGrid Public Utilities to submit the Functional Agreement as part of their next compliance filings.⁴¹

18. In addition, the Commission found that ColumbiaGrid Public Utilities' proposal relying on use of the Functional Agreement may create a lack of clarity in how transmission planning is conducted in the ColumbiaGrid region,⁴² noting that under the proposal, ColumbiaGrid staff would conduct regional transmission planning pursuant to the Functional Agreement for ColumbiaGrid Public Utilities (i.e., the enrolled transmission providers) while on a concurrent basis, continuing to conduct regional

the transmission project for consideration. The ColumbiaGrid Board may modify a ColumbiaGrid staff determination to the extent that such modification is supported by the record. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 11.4; Amended Functional Agreement, Appendix A, § 11.4.

³⁸ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 11.4; Amended Functional Agreement, Appendix A, § 11.4.

³⁹ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 11.4.1; Amended Functional Agreement, Appendix A, § 11.4.1.

⁴⁰ Second Compliance Order, 148 FERC ¶ 61,212 at P 23.

⁴¹ *Id.*

⁴² *Id.* P 26.

transmission planning for all PEFA Planning Parties,⁴³ including the ColumbiaGrid Public Utilities under the pre-Order No. 1000 PEFA. The Commission acknowledged ColumbiaGrid Public Utilities' assertion that the proposed Order No. 1000 transmission planning process would use the same transmission planning processes under the PEFA, but held that it is unclear how these parallel processes would operate in conjunction with each other.⁴⁴ Thus, the Commission encouraged ColumbiaGrid Public Utilities to use a single regional transmission planning process to plan for the needs of its enrolled members and non-enrolled non-public utility transmission providers under a single revised PEFA, that would incorporate the Order No. 1000 regional transmission planning process proposed in the Functional Agreement.⁴⁵

b. Summary of Compliance Filings

19. Pursuant to the Second Compliance Order, ColumbiaGrid Public Utilities have proposed further revisions to their transmission planning processes reflected in Attachment K to their respective OATTs and have submitted the Amended Functional Agreement, as Rate Schedule FERC No. CG2.⁴⁶ ColumbiaGrid Public Utilities' proposed revisions state that the Amended Functional Agreement is based on the transmission planning processes in the pre-Order No. 1000 PEFA, and provides additional terms and processes necessary for ColumbiaGrid to facilitate the performance of transmission planning processes on behalf of Governmental Non-Enrolled Parties and Enrolled Parties, pursuant to Order No. 1000.⁴⁷ In the event of a conflict between any provision of the Amended Functional Agreement and any provision of the pre-Order

⁴³ The PEFA Planning Parties are entities that have signed the PEFA and include Avista, Puget Sound, MATL and the following non-public utility transmission providers: Bonneville Power, Public Utility District No. 1 of Chelan County, Washington; Public Utility District No. 1 of Douglas County, Washington; Public Utility District No. 2 of Grant County, Washington; Public Utility District No. 1 of Snohomish County, Washington; Seattle City Light Department; and City of Tacoma, Department of Public Utilities, Light Division. *Id.* P 6 n.10.

⁴⁴ *Id.* at P 26.

⁴⁵ *Id.*

⁴⁶ *E.g.*, Avista Transmittal Letter at 3.

⁴⁷ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), §1.1; Amended Functional Agreement § 2.1.

No. 1000 PEFA, the provisions of the Amended Functional Agreement are to prevail with respect to the rights and obligations as between and among ColumbiaGrid and parties to the Amended Functional Agreement.⁴⁸

20. ColumbiaGrid Public Utilities' proposal states that the transmission planning process under the Amended Functional Agreement is intended to supplement the transmission planning processes in the pre-Order No. 1000 PEFA, with the Amended Functional Agreement providing additional terms and conditions necessary for ColumbiaGrid staff to facilitate Order No. 1000 compliant transmission planning processes.⁴⁹ Thus, the performance of system assessments and the preparation of the ColumbiaGrid biennial transmission plans under the Functional Agreement are intended to be accomplished in conjunction with the same tasks performed under the pre-Order No. 1000 PEFA, resulting in the issuance of one ColumbiaGrid biennial transmission plan.⁵⁰

21. ColumbiaGrid Public Utilities maintain that, while they appreciate the desire to have a single transmission planning process, it was not practical to combine the pre-Order No. 1000 PEFA transmission planning processes into the agreement that is to be used to facilitate Order No. 1000 compliance. ColumbiaGrid Public Utilities state that the pre-Order No. 1000 PEFA was originally adopted prior to the Commission's issuance of Order No. 890. ColumbiaGrid Public Utilities state that transmission planning under the pre-Order No. 1000 PEFA is to be performed in parallel with the transmission planning conducted under the Amended Functional Agreement. ColumbiaGrid Public Utilities state that the planning provided under the pre-Order No. 1000 PEFA currently in effect is not inconsistent with and does not in any way diminish the planning to be conducted under the Amended Functional Agreement. Instead, ColumbiaGrid Public Utilities contend that the pre-Order No. 1000 PEFA will ensure that (1) nonjurisdictional entities

⁴⁸ *Id.*

⁴⁹ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 1.2; Amended Functional Agreement § 2.2. ColumbiaGrid staff will conduct regional transmission planning pursuant to Order No. 1000 on behalf of ColumbiaGrid Public Utilities who have signed the Amended Functional Agreement as Enrolled Parties in the ColumbiaGrid Order No. 1000 transmission planning region. ColumbiaGrid staff will also continue to conduct regional transmission planning on behalf of the PEFA Planning Parties under the pre-Order No. 1000 PEFA.

⁵⁰ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 1.1; Amended Functional Agreement § 2.1.

that do not sign the Amended Functional Agreement will continue to participate in transmission planning provided by ColumbiaGrid, and (2) the transmission planning service provided under the pre-Order No. 1000 PEFA will continue to be available.⁵¹

22. According to ColumbiaGrid Public Utilities, for purposes of Order No. 1000 transmission planning, the Amended Functional Agreement provides a single transmission planning process for all Enrolled Parties,⁵² and also allows for non-public utility transmission providers to participate in transmission planning as either Enrolled Parties or Governmental Non-Enrolled Parties.⁵³ In addition to Order 1000 Projects, any other transmission solutions selected and developed under the Amended Functional Agreement, including transmission solutions to meet the transmission needs of Governmental Non-Enrolled Parties, are included in the draft regional transmission plan and are reviewed by the ColumbiaGrid Board.⁵⁴

c. Comments

23. Bonneville Power states that it agrees with ColumbiaGrid Public Utilities that it was not practical to combine the pre-Order No. 1000 PEFA and Amended Functional Agreement into a single agreement because additional time would have been required to negotiate a single agreement and it might not have been possible to ultimately reach such agreement. Bonneville Power states that the PEFA and Amended Functional Agreement processes work together by incorporating the one-utility planning concept of the PEFA into ColumbiaGrid planning activities, as revised by Order No. 1000.⁵⁵

24. Bonneville Power states that the PEFA and the Amended Functional Agreement both have the system assessment and study team processes, and plan review by the ColumbiaGrid Board. Bonneville Power states that it expects that ColumbiaGrid will perform the sequence of steps required by each agreement simultaneously, including the system assessment, study team activities, and ColumbiaGrid Board review processes.⁵⁶

⁵¹ *E.g.*, Avista Transmittal Letter at fn 13.

⁵² *Id.* at 4.

⁵³ *Id.*

⁵⁴ *E.g.*, Avista Transmittal Letter at 4. Avista, OATT, Attachment K, Part IV (8.0.0), § 2.5; Amended Functional Agreement, Appendix A, § 2.5.

⁵⁵ Bonneville Power Comments at 6 (citing Pre-Order No. 1000 PEFA §3(i)).

⁵⁶ *Id.* at 7 (citing Pre-Order No. 1000 PEFA § 4.4 and App. A, §§ 3, 4).

Bonneville Power anticipates that the result of such simultaneous performance will include: (1) a single system assessment that includes both needs under the pre-Order No. 1000 PEFA (i.e., the ability of each party to serve its network load, native load obligations, and long term firm obligations over the planning horizon) and needs pursuant to Order No. 1000 (i.e., needs driven by reliability, economics, and public policy requirements); (2) study teams that, to the extent appropriate, develop a set of solutions to meet needs identified under both agreements on a timely basis; and (3) simultaneous ColumbiaGrid Board review of transmission projects planned under both the pre-Order No. 1000 PEFA and the Amended Functional Agreement that are ready, pursuant to the terms of each agreement, to be included in the draft regional transmission plan.⁵⁷ Therefore, Bonneville Power expects the combined processes under both agreements to result in a single transmission plan to solve the needs identified in the combined system assessment.⁵⁸

d. Commission Determination

25. We find that ColumbiaGrid Public Utilities' submission of the Amended Functional Agreement for Commission review complies with the directives of the Second Compliance Order. We note that ColumbiaGrid Public Utilities have considered the Commission's suggestion in the Second Compliance Order to conduct transmission planning under a combined process and have concluded that it is not practical to combine the processes. Further, ColumbiaGrid Public Utilities state that the parallel transmission planning processes under the pre-Order No. 1000 PEFA and Amended Functional Agreement will not be inconsistent and will not diminish the planning to be provided under either process. ColumbiaGrid Public Utilities also state that separate transmission planning processes will ensure the participation in ColumbiaGrid of non-public utility transmission providers that do not sign the Amended Functional Agreement. Accordingly, we find that ColumbiaGrid Public Utilities have sufficiently explained why using the processes under both the Amended Functional Agreement and the pre-Order No. 1000 PEFA is more appropriate for the region at this time.

⁵⁷ *Id.* at 7-8 (citing to Pre-Order No. 1000 PEFA §§ 2.1, 2.4 and App. A, §§ 3, 4.1.1, and 10).

⁵⁸ Bonneville Power Comments at 8.

2. Participation by Non-Public Utility Transmission Providers

a. Second Compliance Order

26. In the Second Compliance Order, the Commission stated that Order No. 1000 did not foreclose the aspect of ColumbiaGrid Public Utilities' proposal regarding ColumbiaGrid staff both performing a system assessment that identifies the transmission needs of non-public utility transmission providers that sign the Functional Agreement but elect not to enroll in the region (i.e., Governmental Non-Enrolled Parties) together with the transmission needs of Enrolled Parties and convening study teams to develop a plan to address the Governmental Non-Enrolled Parties' identified transmission needs.⁵⁹ However, the Commission found that ColumbiaGrid Public Utilities' proposed provisions in the Functional Agreement that permit a Governmental Non-Enrolled Party to opt into or out of ColumbiaGrid transmission planning pursuant to Order No. 1000 by submitting a written request each transmission planning cycle did not comply with Order No. 1000. The Commission held that the lack of certainty about the parties for which ColumbiaGrid staff will plan from transmission planning cycle to transmission planning cycle could impede effective transmission planning in the region, disrupting the enrolled transmission providers' Order No. 1000 regional transmission planning process. The Commission directed ColumbiaGrid Public Utilities to remove from the Functional Agreement language that provides the ability for Governmental Non-Enrolled Parties to opt into or out of Order No. 1000 transmission planning.⁶⁰

27. In the Second Compliance Order, the Commission also clarified that a non-public transmission provider that is not enrolled in the ColumbiaGrid transmission planning region, and that is determined to be a beneficiary of a transmission project proposed for selection in the regional transmission plan for purposes of cost allocation, may determine whether, consistent with its view of its statutory authorities, it will accept its share of the costs of that transmission facility.⁶¹ The Commission further stated that to ensure such a transmission project may be considered for possible selection in a timely manner, ColumbiaGrid Public Utilities must revise their respective OATTs to describe the process by which a non-enrolled, non-public utility transmission provider that is identified as a beneficiary of a transmission project proposed for selection in the regional transmission

⁵⁹ Second Compliance Order, 148 FERC ¶ 61,212 at P 24.

⁶⁰ Second Compliance Order, 148 FERC ¶ 61,212 at P 52.

⁶¹ Second Compliance Order, 148 FERC ¶ 61,212 at P 248.

plan for purposes of cost allocation will advise the enrolled transmission providers of whether it will accept its share of the costs of that transmission facility.⁶²

28. Additionally, the Commission rejected certain provisions that allowed any party to the Functional Agreement, including Governmental Non-Enrolled Parties, to request and for ColumbiaGrid staff to perform an advisory cost allocation for transmission facilities included in a plan created to address the needs of Governmental Non-Enrolled Parties⁶³ because the provisions were part of the proposal to allow Governmental Non-Enrolled Parties to opt-in and opt-out of regional transmission planning under Order No. 1000.⁶⁴ The Commission did not object to a Governmental Non-Enrolled Party using an advisory cost allocation to determine whether, consistent with its view of its statutory authorities, it will accept its share of the costs of a proposed transmission facility. However, the Commission explained that ColumbiaGrid Public Utilities' proposal could impede the enrolled transmission providers' Order No. 1000 regional transmission planning process by creating uncertainty about the parties for which ColumbiaGrid staff will plan from transmission planning cycle to transmission planning cycle.⁶⁵ Thus, Commission directed ColumbiaGrid Public Utilities to submit further compliance filings that include the Functional Agreement, but that do not include the proposed advisory cost allocation provisions.⁶⁶

b. Summary of Compliance Filings

29. ColumbiaGrid Public Utilities state that under the Amended Functional Agreement, non-public utility transmission providers can elect to execute the Amended Functional Agreement and enroll in the ColumbiaGrid region as an Enrolled Party or participate as a Governmental Non-Enrolled Party. ColumbiaGrid Public Utilities state that to the extent a non-public utility transmission provider is an Enrolled Party, such entity will be subject to regional cost allocation under Order No. 1000.⁶⁷

⁶² *Id.* P 248.

⁶³ *E.g.*, Functional Agreement §2.6.3 & Appendix A, § 9.

⁶⁴ Second Compliance Order, 148 FERC ¶ 61,212 at P 260.

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ *E.g.*, Avista Transmittal Letter at 4.

30. ColumbiaGrid Public Utilities further state that, in order to comply with the directive in the Second Compliance Order, they propose to remove the ability of Governmental Non-Enrolled Parties to opt into (or out of) Order No. 1000 transmission planning by submitting a written request each transmission planning cycle.⁶⁸ Instead, ColumbiaGrid Public Utilities propose that any Enrolled Party that is eligible to be a Governmental Non-Enrolled Party may convert its status from an Enrolled Party to a Governmental Non-Enrolled Party by providing written notice to ColumbiaGrid.⁶⁹ Upon such conversion becoming effective, the converting Enrolled Party shall no longer be enrolled in the ColumbiaGrid transmission planning region and shall not be subject to any regional cost allocation approved by the ColumbiaGrid Board after the effective date of such conversion.⁷⁰ However, during the ColumbiaGrid transmission planning process the transmission needs of a Governmental Non-Enrolled Party will be evaluated and solutions will be developed, as a matter of course.⁷¹

31. ColumbiaGrid Public Utilities state that, in accordance with the Second Compliance Order, the Amended Functional Agreement removes the ability of Governmental Non-Enrolled Parties to opt into or out of Order No. 1000 transmission planning by submitting a written request each transmission planning cycle.⁷² Specifically, ColumbiaGrid Public Utilities have removed the opt-in (and opt-out) language that required a Governmental Non-Enrolled Party to submit a written request to ColumbiaGrid prior to a system assessment identifying need(s) of such Governmental Non-Enrolled Party and prior to a study team evaluating any solutions to any such need(s) of such Governmental Non-Enrolled Party.⁷³ Under the Amended Functional Agreement, the system assessment report will identify need(s) for transmission facilities on the transmission system of any Governmental Non-Enrolled Party as a matter of

⁶⁸ *Id.* at 5.

⁶⁹ *Id.* at 4. Avista, OATT, Attachment K, Part IV (8.0.0), § 1.8; Amended Functional Agreement §14.17.

⁷⁰ *Id.*

⁷¹ *Id.* at 5. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 1.7, 1.7.1, 1.7.2; Amended Functional Agreement §§ 2.6, 2.6.1, 2.6.2.

⁷² *Id.*

⁷³ *Id.* Avista, OATT, Attachment K, Part IV (8.0.0), § 1.7; Amended Functional Agreement § 2.6.

course.⁷⁴ Similarly, study teams will be formed and used to evaluate solutions, and develop solutions to address any Governmental Non-Enrolled Party's transmission need(s).⁷⁵

32. ColumbiaGrid Public Utilities state that under the proposed OATT revisions and Amended Functional Agreement, for each Order 1000 Project, ColumbiaGrid staff will perform a preliminary cost allocation, in which Beneficiaries⁷⁶ are deemed to include any Governmental Non-Enrolled Parties, and Benefits⁷⁷ are deemed to include benefits calculated pursuant to the Amended Functional Agreement for each Governmental Non-Enrolled Party, as if it were an Enrolled Party.⁷⁸ This preliminary cost allocation is binding for Enrolled Parties, and may be used by a Governmental Non-Enrolled Party as a basis for determining whether, consistent with its view of its statutory authorities, it will accept its share of project costs. A Governmental Non-Enrolled Party will advise the process of whether it will accept project costs by entering into a written agreement with Enrolled Parties on Order 1000 Project implementation, including responsibilities for funding such project.⁷⁹

⁷⁴ *Id.* Avista, OATT, Attachment K, Part IV (8.0.0), § 1.7.1; Amended Functional Agreement at § 2.6.1.

⁷⁵ *Id.* Avista, OATT, Attachment K, Part IV (8.0.0), § 1.7.2; Amended Functional Agreement § 2.6.2.

⁷⁶ The definition of Beneficiary has been revised in ColumbiaGrid Public Utilities' respective OATTs and Amended Functional Agreement to be consistent with the provisions that provide for a preliminary cost allocation that includes Governmental Non-Enrolled Parties. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), Appendix A; Amended Functional Agreement § 1.30.

⁷⁷ The definition of Benefits has been revised in ColumbiaGrid Public Utilities' respective OATTs and Amended Functional Agreement to be consistent with the provisions that provide for a preliminary cost allocation that includes Governmental Non-Enrolled Parties. *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), Appendix A; Amended Functional Agreement §1.31.

⁷⁸ *E.g.*, Avista Transmittal at 6.

⁷⁹ *Id.*

33. ColumbiaGrid Public Utilities have also revised their respective OATTs and Amended Functional Agreement to provide that after ColumbiaGrid staff has prepared a preliminary cost allocation report with respect to an Order 1000 Project for which there are one or more Governmental Non-Enrolled Parties included in the preliminary cost allocation, ColumbiaGrid Public Utilities are to extend the negotiation period by up to 60 days, and additional time if and to the extent requested by all such Governmental Non-Enrolled Parties, all Enrolled Parties that requested Order 1000 Cost Allocation for such Order 1000 Project, all Beneficiaries, and all other affected persons with respect to such Order 1000 Project.⁸⁰

34. Under ColumbiaGrid Public Utilities' revised OATTs and Amended Functional Agreement, if a written agreement on implementation of an Order 1000 Project is reached: (1) any Enrolled Party and Governmental Non-Enrolled Party that entered into such agreement shall promptly provide written notice of such agreement to ColumbiaGrid, (2) the preliminary cost allocation report for such Order 1000 Project will not be included in the draft regional transmission plan, and (3) ColumbiaGrid Staff will indicate in the draft regional transmission plan that an agreement on implementation has been reached for such Order 1000 Project.⁸¹ However, if such an agreement on implementation of an Order 1000 Project has not been reached, ColumbiaGrid Staff will re-perform a preliminary cost allocation under which Enrolled Parties are the only Beneficiaries, and include the preliminary cost allocation report in the draft regional transmission plan.⁸²

35. ColumbiaGrid Public Utilities have also proposed to revise the process for ColumbiaGrid Board approval of regional cost allocation of an Order 1000 Project to provide that such a cost allocation is approved by the ColumbiaGrid Board on such date as the ColumbiaGrid Board approves such Order 1000 Project and related regional cost allocation for inclusion in the biennial regional transmission plan.⁸³

⁸⁰ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 6.4; Amended Functional Agreement § 6.4.

⁸¹ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 6.4; Amended Functional Agreement § 6.4.

⁸² *Id.*

⁸³ *E.g.*, Avista Transmittal Letter at fn 17. Avista, OATT, Attachment K, Part IV (8.0.0), Appendix A; Amended Functional Agreement §1.33.

36. In addition, ColumbiaGrid Public Utilities propose to revise their respective OATTs and the Amended Functional Agreement to state that any Enrolled Party that is eligible to be a Governmental Non-Enrolled Party may convert its status from an Enrolled Party to a Governmental Non-Enrolled Party by providing written notice to ColumbiaGrid. Upon such conversion becoming effective, the converting Enrolled Party shall no longer be enrolled in the ColumbiaGrid transmission planning region and shall not be subject to any regional cost allocation approved by the ColumbiaGrid Board after the effective date of such conversion.⁸⁴

c. Protests/Comments

37. Bonneville Power requests the Commission approve the tariff provisions addressing the ability to convert from Enrolled Party status to Governmental Non-Enrolled Party status. Bonneville Power states that for any Enrolled Party that has converted to a Governmental Non-Enrolled Party, the Amended Functional Agreement is silent about re-enrolling as an Enrolled Party, leaving for future determination when and if such reenrollment may occur. Bonneville Power states that the ability to convert on short notice from being an Enrolled Party to being a Governmental Non-Enrolled Party may result in avoiding the need to convert, as the Enrolled Party would have until the ColumbiaGrid Board action on the preliminary cost allocation to attempt to reach agreement with the transmission project's transmission developer and other affected parties on project implementation, including cost allocation and recovery, and to conduct any necessary processes before signing the implementation agreement.⁸⁵

38. Bonneville Power states that the flexibility provided by the Commission's clarification in the Second Compliance Order that Bonneville Power and other non-public utility transmission providers in the ColumbiaGrid region may participate in Order No. 1000 transmission planning and cost allocation as Governmental Non-Enrolled Parties, while retaining the right to decline a preliminary cost allocation, will be essential if Bonneville Power chooses to sign the Amended Functional Agreement as either a Governmental Non-Enrolled Party or an Enrolled Party.⁸⁶

⁸⁴ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 1.8; Amended Functional Agreement §14.17.

⁸⁵ Bonneville Power Comments at 4-5.

⁸⁶ *Id.* at 3-4.

39. Bonneville Power states that the Amended Functional Agreement planning process will facilitate Governmental Non-Enrolled Parties' participation in system assessments and in study teams that address identified needs or develop proposed transmission projects that affect the Governmental Non-Enrolled Party.⁸⁷ Therefore, Bonneville Power states, Governmental Non-Enrolled Parties will be aware of and will participate in transmission planning for transmission projects for which they receive benefits and may receive a preliminary cost allocation.⁸⁸

40. Bonneville Power states that the implementation agreement is a means to justify its participation in an Order 1000 Project. Because it is obligated to operate in accordance with sound business principles, Bonneville Power states that establishing the conditions of transmission project participation in an agreement will support Bonneville Power's decision to participate by reducing its exposure to risk.⁸⁹

41. Bonneville Power states that by not entering into a project implementation agreement, during the 60 day negotiation period, for an Order 1000 Project for which the Governmental Non-Enrolled Party would be deemed to receive Benefits in a preliminary cost allocation, the Governmental Non-Enrolled Party rejects the preliminary cost allocation.⁹⁰ Bonneville Power respectfully requests that the Commission approve the 60 day project implementation mechanism because the mechanism would allow a Governmental Non-Enrolled Party to accept or decline a preliminary cost allocation consistent with its statutory obligations.⁹¹

d. Commission Determination

42. We find that ColumbiaGrid Public Utilities have partially complied with the directives in the Second Compliance Order with respect to the participation of non-public utility transmission providers. We find that ColumbiaGrid Public Utilities have complied with the Commission's directives in removing the provisions from the Functional Agreement that would have permitted a Governmental Non-Enrolled Party to opt into or out of ColumbiaGrid transmission planning pursuant to Order No. 1000 by submitting a

⁸⁷ *Id.* at 12.

⁸⁸ *Id.*

⁸⁹ *Id.* at 13.

⁹⁰ *Id.*

⁹¹ *Id.* at 14.

written request each transmission planning cycle. We also accept ColumbiaGrid Public Utilities' revisions to include both the needs of Governmental Non-Enrolled Parties and Enrolled Parties when conducting the system assessment, as well as to include both types of entities in a preliminary cost allocation, as consistent with the Commission's earlier statement that Order No. 1000 did not foreclose this aspect of ColumbiaGrid Public Utilities' proposal.⁹²

43. ColumbiaGrid Public Utilities' proposal to omit from the Amended Functional Agreement those provisions addressing advisory cost allocation also complies with our directives in the Second Compliance Order. Additionally, we find ColumbiaGrid Public Utilities' proposal regarding the use of its preliminary cost allocation to be compliant with Order No. 1000. We note that under the prior proposal, an advisory cost allocation was informational for all parties i.e., was not binding on any party. Here the preliminary cost allocation is binding on Enrolled Parties, while also providing the information necessary for a Governmental Non-Enrolled Party to decide whether, consistent with its view of its statutory authorities, it will accept its share of the costs of a proposed transmission facility. Further, ColumbiaGrid Public Utilities have eliminated the uncertainty in the planning process caused by the advisory cost allocation by revising their respective OATTs and Amended Functional Agreement to provide that Governmental Non-Enrolled Parties will be included in all system assessments and preliminary cost allocations, as a matter of course.

44. We note that ColumbiaGrid Public Utilities' revised proposals provide that Governmental Non-Enrolled Parties will use the execution of a written agreement on project implementation, including transmission project funding, to signify whether consistent with their view of their statutory authorities, they will accept the costs that they have been allocated of a new transmission facility selected in a regional transmission plan for purposes of cost allocation.

45. We find that ColumbiaGrid Public Utilities' explanation that a written agreement on project implementation will serve to advise enrolled transmission providers of a non-public utility's intent to accept its share of the cost of an Order 1000 Project complies with the Commission's directives in the Second Compliance Order. We also accept ColumbiaGrid Public Utilities' 60 day extension on the negotiation period for Order 1000 Project's involving one or more Governmental Non-Enrolled Party, clarification of when ColumbiaGrid Board approves regional cost allocation for an Order 1000 Project, and deletion of the advisory cost allocation provisions as compliant with the directives of the Second Compliance Order. However, we note that as proposed the extension of the

⁹² See Second Compliance Order, 148 FERC ¶ 61,212 at P 24.

60 day negotiation period has no conclusion and thus may run indefinitely.⁹³ Allowing for indefinite extensions has the potential to deter efficient regional transmission planning in the ColumbiaGrid planning region. We therefore direct ColumbiaGrid Public Utilities to submit further compliance filings, within 30 days of the issuance of this order, revising the provisions that allow for extension of the initial 60 day negotiation period to limit any such extension to a period of no longer than six months.

46. We also reject ColumbiaGrid Public Utilities' proposal to allow an eligible Enrolled Party to convert to a Governmental Non-Enrolled Party.⁹⁴ We find that providing Enrolled Parties with an open-ended option to convert to a Governmental Non-Enrolled Party will create uncertainty as to which parties are enrolled, and will ultimately be bound by the preliminary cost allocation. Furthermore, we find that the proposed conversion provision is unnecessary for ColumbiaGrid Public Utilities to comply with the Commission's directive in the Second Compliance Order, as ColumbiaGrid Public Utilities' transmission planning process accommodates the participation of non-public utility transmission providers that are unable to accept the allocation of costs pursuant to a regional cost allocation method by allowing those transmission owners to participate and determine whether they are able or unable to accept the allocation of costs pursuant to a regional cost allocation method. Therefore, we direct ColumbiaGrid Public Utilities to submit compliance filings, within 30 days of the issuance of this order, removing the provisions allowing an eligible Enrolled Party to convert to a Governmental Non-Enrolled Party.⁹⁵ Accordingly, we also reject ColumbiaGrid Public Utilities' proposed revision defining an Enrolled Party as an Order 1000 Party that "has not converted to being a Governmental Non-Enrolled Party pursuant to section 14.17,"⁹⁶ and direct ColumbiaGrid Public Utilities to remove such language upon further compliance.

⁹³ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 6.4; Amended Functional Agreement § 6.4.

⁹⁴ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 1.8; Amended Functional Agreement §14.17.

⁹⁵ *Id.*

⁹⁶ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), Appendix A; Amended Functional Agreement §1.37.

3. **Order No. 890 and Other Regional Transmission Planning Process General Requirements**

a. **Second Compliance Order**

47. In the Second Compliance Order, the Commission granted Bonneville Power's request for clarification with regard to the Commission's finding in the First Compliance Order that ColumbiaGrid Public Utilities and Bonneville Power failed to revise their OATTs "to require that ColumbiaGrid, after considering the data and comments supplied by customers, develop a transmission system plan that meets the specific service requests of their transmission customers and otherwise treats similarly-situated customers (e.g. network and retail native load) comparably in transmission system planning."⁹⁷ The Commission agreed with Bonneville Power that ColumbiaGrid, in its role conducting regional transmission planning pursuant to Order No. 1000, does not have an obligation to meet specific transmission service requests and native and network load requirements. Rather, the Commission clarified that, in conducting the regional transmission planning process, ColumbiaGrid staff must treat similarly-situated customers, such as network and retail native load, comparably in the transmission system planning process.⁹⁸

b. **Compliance Filings**

48. In response to the Commission's clarification, ColumbiaGrid Public Utilities have revised the definition of Order 1000 Need in their respective OATTs and the Amended Functional Agreement as follows:

~~"any need for transmission facilities, as identified in a System Assessment Report pursuant to section 3 of Appendix A of the Order 1000 Agreement, of an Enrolled Party(ies) for transmission facilities in the Order 1000 ColumbiaGrid Planning Region, including any such need that is driven by reliability requirements, addresses economic considerations, or is driven by Public Policy Requirements. Order 1000 Need specifically excludes specific transmission service requests and native and network load requirements of any Enrolled Party, unless those requests or requirements may be addressed by a solution that addresses other needs for transmission facilities driven by reliability requirements, economic considerations, or Public Policy Requirements of an Enrolled Party(ies)."~~ "Order 1000 Potential Need" is an item that is proposed or considered for inclusion in the system assessment for possible identification in the System Assessment Report as an Order 1000 Need. For

⁹⁷ First Compliance Order, 143 FERC ¶ 61,255 at P 80.

⁹⁸ *Id.* P 91.

purposes of section 7 of Appendix A of the Order 1000 Agreement and Part III, section 7, of this Attachment K, an Order 1000 Need in the Order 1000 ColumbiaGrid Planning Region is referred to as a regional transmission need.”⁹⁹

c. Commission Determination

49. We reject ColumbiaGrid Public Utilities’ revised definition as outside the scope of the proceeding. The revised definition is not needed to comply with the directives of the Second Compliance Order and is also not needed to implement the clarification granted in the Second Compliance Filing.

d. Incorporating Consideration of Transmission Needs Driven by Public Policy Requirements in the Local Transmission Planning Process

i. Second Compliance Order

50. In the Second Compliance Order, the Commission directed MATL to submit a further compliance filing to revise its OATT to establish a just and reasonable and not unduly discriminatory process through which it will identify, out of the larger set of transmission needs driven by public policy requirements proposed, those needs for which transmission solutions will be evaluated in the local transmission planning process.¹⁰⁰

ii. Compliance Filings

51. In response to the Commission’s directive, MATL proposes to revise its OATT to establish a process to identify the transmission needs driven by public policy requirements for which transmission solutions will be evaluated. Specifically, MATL proposes to revise its OATT to state that it will post on its OASIS all local transmission needs, including local transmission needs driven by public policy requirements, identified or proposed at the Planning Advisory Group¹⁰¹ meetings. Further, MATL proposes that

⁹⁹ *E.g.*, Avista Transmittal Letter at fn 35. Avista, OATT, Attachment K, Part IV (8.0.0), Appendix A, Definitions; Amended Functional Agreement § 1.41.

¹⁰⁰ Second Compliance Order, 148 FERC ¶ 61,212 at P 132.

¹⁰¹ A Planning Advisory Group shall be established and open to participation by all Interested Stakeholders, Transmission Provider’s customers, generators interconnected to the Transmission Provider’s Transmission System, other suppliers, neighboring transmission providers and control areas, and state utility regulatory agencies and offices of public advocates in the State of Montana. The Planning Advisory Group’s

(continued...)

interested stakeholders will have 30 days from the date of such posting to provide MATL with written comments regarding any of the posted local transmission needs. Under its proposal, after it considers those comments provided by interested stakeholders, MATL will list on its OASIS, the local transmission needs that it has selected as local transmission needs to be evaluated in the local transmission planning process. MATL proposes to explain on its OASIS why it did not select for evaluation in the local transmission planning process any identified local transmission need, including any identified local transmission need that is driven by public policy requirements.¹⁰²

52. MATL proposes to delete the following language from section 4.9.1 of Attachment K of its OATT:

Upon completion of the studies and analysis, the Transmission Provider shall prepare a Draft Local Transmission Plan, which may include a description of any needs, the underlying assumptions, applicable planning criteria, and methodology used to determine the needs. The Transmission Provider shall provide the Draft Local Transmission Plan to the Planning Advisory Group for review and comment. If requested by a member, a meeting of the Planning Advisory Group will be held to receive comments on the Draft Local Transmission Plan. Interested Stakeholders may submit comments on the recommended Draft Local Transmission Plan to the Transmission Provider.¹⁰³

53. In addition, MATL proposes to revise its OATT to further clarify its process by stating that it will hold an open meeting to review the results of the study process and to discuss the draft Local Planning Report within 30 days following its completion. Further, MATL also proposes to post the draft Local Planning Report with the notification of the meeting. MATL also proposes to give all members of the Planning Advisory Group an opportunity to provide it with any comments on the recommended plan, including alternatives to the projects proposed in the draft Local Planning Report, both during the meeting and for 15 calendar days following the meeting. Finally, MATL proposes to post the final Local Planning Report on its OASIS within 30 days following the

role is to provide input and feedback to the Transmission Provider during the development of the Local Transmission Plan. MATL, OATT, Title Page, Attachment K, Part II (4.0.0), §§ 2.1, 2.2.

¹⁰² MATL Transmittal Letter at 22. MATL, OATT, Title Page, Attachment K, Part II (4.0.0), § 4.9.1.

¹⁰³ MATL Transmittal Letter, Attachment A at 9.

meeting.¹⁰⁴ MATL maintains that these proposed additions provide context, clarity, and specificity to its local transmission planning process, as directed by the Commission.¹⁰⁵

iii. Commission Determination

54. We find that MATL has complied with the Commission's directive in the Second Compliance Order to establish a just and reasonable and not unduly discriminatory process through which it will identify, out of the larger set of transmission needs driven by public policy requirements proposed, those needs for which transmission solutions will be evaluated in the local transmission planning process.¹⁰⁶ Specifically, MATL has revised its OATT to provide that it will select the local transmission needs driven by public policy requirements that will be evaluated for transmission solutions in its local transmission planning process after considering stakeholder comments.¹⁰⁷

55. However, while the additional OATT revisions that MATL has proposed to clarify its local transmission planning process are generally reasonable, we have two concerns with the proposed revisions. First, MATL proposes to delete from its OATT provisions that discuss the contents of the Draft Local Transmission Plan, as well as the stakeholder process for review and comment. We reject MATL's proposed deletion, as these further revisions to its local transmission planning process were not directed in the Second Compliance Order, are unexplained and are outside the scope of this compliance proceeding. We therefore direct MATL to submit, within 30 days of the date of issuance of this order, a further compliance filing that revises its OATT to restore the deleted language.

56. Second, while MATL has revised its OATT to provide for an open meeting to discuss the draft Local Planning Report, it is not clear whether there is a difference between the draft Local Transmission Plan and the draft Local Planning Report. In any case, the draft Local Planning Report does not appear to include a description of any needs, the underlying assumptions, applicable planning criteria, and the methodology used to determine the needs like the Draft Local Transmission Plan did. If MATL wishes to retain its proposal to prepare a draft Local Planning Report separate from the Draft Local Transmission Plan, it must submit, within 30 days of the date of issuance of this

¹⁰⁴ MATL Transmittal Letter at 22. MATL, OATT, Title Page, Attachment K, Part II (4.0.0), § 4.9.3.

¹⁰⁵ MATL Transmittal Letter at 22.

¹⁰⁶ Second Compliance Order, 148 FERC ¶ 61,212 at P 132.

¹⁰⁷ MATL, OATT, Title Page, Attachment K, Part II (4.0.0), § 4.9.1.

order, a further compliance filing that revises its OATT to explain how the draft Local Planning Report is different from the draft Local Transmission Plan.

4. Qualification Criteria

a. Fee Structure

i. Second Compliance Order

57. In the Second Compliance Order, the Commission accepted ColumbiaGrid Public Utilities' proposal requiring any transmission developer (whether incumbent or nonincumbent) that intends to sponsor a transmission project in the ColumbiaGrid transmission planning region to execute the Functional Agreement and pay \$50,000 upon the later of the execution or the effective date of the Functional Agreement. In addition, the Commission found reasonable the requirements that after the transmission planning cycle in which the \$50,000 payment is made, parties to the Functional Agreement pay \$2,083.33 per calendar month until the party has withdrawn from the Functional Agreement, and that a party incurs no further payment obligation once its withdrawal from the Functional Agreement is effective. However, the Commission directed ColumbiaGrid Public Utilities to clarify in their OATTs the point in the regional transmission planning process at which a transmission developer is required to execute the Functional Agreement.¹⁰⁸

ii. Summary of Compliance Filings

58. In response to the Commission's directive, ColumbiaGrid Public Utilities propose to revise their respective OATTs and Amended Functional Agreement to clarify that to become an Enrolled Party and request cost allocation under the Amended Functional Agreement during any calendar year, a person must execute the Amended Functional Agreement as an Enrolled Party "not later than thirty days after the occurrence of the Order 1000 Needs Meeting during such year."¹⁰⁹ In addition, ColumbiaGrid Public Utilities propose to revise their OATTs to clarify that no person is required to be an Order No. 1000 Party in order to participate in a Study Team, request qualification of any

¹⁰⁸ Second Compliance Order, 148 FERC ¶ 61,212 at P 141.

¹⁰⁹ *E.g.*, Avista Transmittal Letter at 10-11. Avista OATT, Attachment K, Part IV (8.0.0), § 1.9; Amended Functional Agreement § 12.2.

proposed transmission developer, owner, or operator of an Order 1000 Project, or request consideration of the impact of a proposed Order 1000 Merchant Transmission Project.¹¹⁰

iii. Commission Determination

59. We reject ColumbiaGrid Public Utilities' proposed revisions to their respective OATTs and Amended Functional Agreements to clarify the point in the regional transmission planning process at which a transmission developer is required to execute the Amended Functional Agreement and to submit the Amended Functional Agreement. We find it unreasonable to require a person to execute the Amended Functional Agreement as an Enrolled Party within 30 days of the Order 1000 Needs Meeting. We find that 30 days after the Order 1000 Needs Meeting will not allow a prospective transmission developer to get far enough in the study process to accurately assess whether or not to execute the Amended Functional Agreement so that it can later request regional cost allocation for a proposed transmission project that it has sponsored. We find it inappropriate to require a prospective transmission developer to make a decision on enrolling before the transmission developer has information about which proposed needs will be tasked to a study team for development of solutions, information that is necessary for the transmission developer to determine whether or not it will sponsor a transmission project during that transmission planning cycle. Therefore, we direct ColumbiaGrid Public Utilities to submit further compliance filings, within 30 days of the issuance of this order, to revise their respective OATTs to extend the point in the regional transmission planning process at which a transmission developer is required to execute the Amended Functional Agreement to 30 days after the posting of the Final System Assessment and Order 1000 Needs Statements. At this point in the regional transmission planning process, a prospective transmission developer will have sufficient information about the transmission needs for which the ColumbiaGrid transmission planning region will plan to determine whether or not it should execute the Amended Functional Agreement so that it may sponsor a transmission project.

5. Information Requirements

a. Second Compliance Order

60. In the Second Compliance Order, the Commission found that the requirement for a prospective transmission developer to submit an "analysis to support the technical feasibility of a proposed solution" to propose a transmission project for consideration by a study team was unclear because there was not enough detail on the type of analysis that would be acceptable to fulfill the requirement. The Commission directed ColumbiaGrid

¹¹⁰ *Id.*

Public Utilities to clarify what type of analysis would be acceptable to meet this information requirement.¹¹¹

b. Summary of Compliance Filings

61. ColumbiaGrid Public Utilities have revised their OATTs to clarify that any technical studies and analysis to support the proposed transmission solution is only required in the event that such technical studies and analysis have already been performed.¹¹²

c. Commission Determination

62. We find that the ColumbiaGrid Public Utilities' proposed revisions addressing information requirements for submitting proposals comply with the directives in the Second Compliance Order. Specifically, ColumbiaGrid Public Utilities' have removed the requirement for an Enrolled Party to submit an "analysis to support the technical feasibility of the proposed solution" and instead now offer the option for studies and analysis to be provided to support the proposed transmission project, only if such technical studies and analysis have been already been performed. Therefore, we accept the proposed revisions.

6. Cost Allocation for Transmission Facilities Selected in the Regional Transmission Plan for Purposes of Cost Allocation

a. Second Compliance Order

63. In the Second Compliance Order, the Commission explained that in the First Compliance Order the Commission had accepted ColumbiaGrid Public Utilities' proposal with the understanding that it was a sponsorship model; however, the proposed OATT revisions submitted in response to the Commission directives suggested that any qualified transmission developer may request regional cost allocation for any transmission facility that is eligible for potential selection in the regional transmission plan for purposes of cost allocation, regardless of whether another qualified transmission developer had proposed that facility and requested cost allocation for it. The Commission found that this approach complied with the requirement to have a fair and not unduly discriminatory mechanism to grant an incumbent or nonincumbent transmission developer the right to

¹¹¹ Second Compliance Order, 148 FERC ¶ 61,212 at P 171.

¹¹² *E.g.*, Avista Transmittal Letter at 9-10; Avista, OATT, Attachment K, Part IV (8.0.0), § 2.6; Amended Functional Agreement, Appendix A, § 2.6.

use the regional cost allocation method for *unsponsored* transmission facilities, but expressed concern that the proposed OATT revisions may preclude a qualified transmission developer who has proposed a project for consideration and has requested regional cost allocation (i.e., for a *sponsored* transmission facility) from obtaining regional cost allocation.¹¹³

64. Therefore, the Commission directed ColumbiaGrid Public Utilities to clarify whether they are using a sponsorship model, and if so, clarify that if (1) a qualified transmission developer proposes a transmission project in the regional transmission planning process, (2) the project is found to be eligible for potential selection in the regional transmission plan for purposes of cost allocation, and (3) the transmission developer requests regional cost allocation for that project, that transmission developer (whether incumbent or nonincumbent) has the right to use the regional cost allocation method for its proposed project if the project is selected in the regional transmission plan for purposes of cost allocation. However, if they are not using a sponsorship model, the Commission directed ColumbiaGrid Public Utilities to explain what model they are using and demonstrate how it complies with the requirements of Order No. 1000.¹¹⁴

b. Summary of Compliance Filings

65. ColumbiaGrid Public Utilities propose revisions to their OATTs to clarify that an Enrolled Party may be an incumbent or nonincumbent¹¹⁵ and that they are using a sponsorship model. Specifically, ColumbiaGrid Public Utilities' revised OATTs state that not later than 60 days after ColumbiaGrid has posted a description of any transmission facility that is eligible for potential selection in the regional transmission plan for purposes of cost allocation, an Enrolled Party may request regional cost allocation for any such transmission facility for which it is a proponent. With respect to a transmission facility that is eligible for potential selection in the regional transmission plan for purposes of cost allocation that ColumbiaGrid staff identifies, ColumbiaGrid Public Utilities' revised OATTs provide that any Enrolled Party may request regional cost allocation for the transmission facility not later than 60 days after ColumbiaGrid has posted a description of the transmission facility. ColumbiaGrid Public Utilities propose to further revise their OATTs to state that regional cost allocation may not be requested

¹¹³ Second Compliance Order, 148 FERC ¶ 61,212 at P 200.

¹¹⁴ *Id.* P 201.

¹¹⁵ *E.g.*, Avista Transmittal Letter at 15. Avista, OATT, Attachment K, Part IV (8.0.0), Appendix A; Amended Functional Agreement, Appendix A, §1.37.

for a transmission facility that is eligible for potential selection in the regional transmission plan for purposes of cost allocation if regional cost allocation has been previously requested and such request has not been withdrawn.¹¹⁶

c. Commission Determination

66. We find that ColumbiaGrid Public Utilities' proposal concerning the cost allocation for transmission facilities selected in the regional transmission plan partially complies with the directives in the Second Compliance Order. We find it just and reasonable for ColumbiaGrid to not accept a request for regional cost allocation for an eligible project during the time period where it is considering a pending request, i.e., another qualified transmission developer has already proposed and for which that other qualified transmission developer has sought regional cost allocation.

67. ColumbiaGrid Public Utilities' proposed revisions clarify that a transmission developer, whether incumbent or nonincumbent, has the right to use the regional cost allocation method for its proposed transmission project if the transmission project is selected in the regional transmission plan for purposes of cost allocation. However, upon further consideration, we find that ColumbiaGrid Public Utilities' definition of an Order 1000 Nonincumbent Transmission Developer imposes a barrier for certain transmission developers and is inconsistent with Order No. 1000. ColumbiaGrid Public Utilities define an Order 1000 Nonincumbent Transmission Developer as an Enrolled Party that (1) proposes to, but does not currently, own or operate transmission facilities in ColumbiaGrid or any other transmission planning region; (2) is not enrolled in any transmission planning region other than ColumbiaGrid; and (3) is not a signatory to the PEFA.¹¹⁷ This definition is inconsistent with Order No. 1000, which defines a nonincumbent transmission developer as (1) a transmission developer that does not have a retail distribution service territory or footprint or (2) a public utility transmission provider that proposes a transmission project outside of its existing retail distribution service territory or footprint, where it is not the incumbent for purposes of that project.¹¹⁸ Order No. 1000's definition of a nonincumbent does not exclude those transmission developers who do not own or operate transmission facilities or enroll in a transmission planning region other than the transmission planning region in which they are proposing

¹¹⁶ *E.g.*, Avista Transmittal Letter at 15. Avista, OATT, Attachment K, Part IV (8.0.0), § 5.2; Amended Functional Agreement, Appendix A, § 5.2.

¹¹⁷ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), Appendix A; Amended Functional Agreement § 1.44.

¹¹⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 225.

a transmission project. Nor does the definition prevent a nonincumbent transmission developer from being enrolled in a transmission planning region other than the transmission planning region in which it is proposing a transmission project. Moreover, a transmission developer that has signed the pre-Order No. 1000 PEFA, but either wishes to propose a transmission project outside of its retail distribution service territory or footprint or does not have a retail distribution service territory or footprint, would under the definition adopted in Order No. 1000 be considered a nonincumbent transmission developer. Therefore, we direct ColumbiaGrid Public Utilities to submit compliance filings, within 30 days of the issuance of this order, revising their respective OATTs and Amended Functional Agreement to revise the definition of an Order 1000 Nonincumbent Transmission Developer to be consistent with the definition of a nonincumbent transmission developer reflected in Order No. 1000.

7. Other Compliance Directives

68. In the Second Compliance Order, the Commission found that ColumbiaGrid Public Utilities did not comply with the requirement to explain how they would determine which transmission facilities evaluated in their local and regional transmission planning processes would be subject to the requirements of Order No. 1000, noting that while ColumbiaGrid Public Utilities had proposed an effective date of February 17, 2014 for their respective OATT revisions and the Functional Agreement, it was not clear when or during what point in the transmission planning cycle ColumbiaGrid Public Utilities intended for the Functional Agreement and related OATT provisions to apply to transmission facilities that are subject to reevaluation.¹¹⁹ In response, ColumbiaGrid Public Utilities propose to commence transmission planning activities under the proposed OATT revisions and Amended Functional Agreement in January 2015; thus the revised provisions apply to transmission facilities evaluated in 2015 and thereafter.¹²⁰

69. In the Second Compliance Order, the Commission directed ColumbiaGrid Public Utilities to remove four information requirements applicable to merchant transmission developers from their OATTs: (1) the purpose of the proposed solution and the identified need the proposed solution would address; (2) a development schedule indicating required steps, such as granting of state, federal, and local approvals necessary to develop and construct the proposed solution so as to timely meet the identified need; (3) upgrades or modifications to existing facilities that would be required (e.g., line reconductoring,

¹¹⁹ Second Compliance Order, 148 FERC ¶ 61,212 at P 44.

¹²⁰ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), §§ 1, 3; Amended Functional Agreement, Appendix A, §§ 1, 3.

transformer upgrades, substation expansions); and (4) a description of any new remedial action schemes, or changes to existing remedial action schemes, that would be required by the proposed solution.¹²¹ In response, ColumbiaGrid Public Utilities have removed from the information requirements for the evaluation of a proposed solution (1) upgrades or modifications to existing facilities that would be required (e.g., line reconductoring, transformer upgrades, substation expansions); and (2) a description of any new remedial action schemes, or changes to existing remedial action schemes, that would be required by the proposed solution. ColumbiaGrid Public have also revised the respective OATTs to clarify that a proponent of a merchant transmission project is not required to provide: (1) the purpose of the proposed solution and the identified need the proposed solution would address; and (2) a development schedule indicating required steps, such as granting of state, federal, and local approvals necessary to develop and construct the proposed solution so as to timely meet the identified need. In addition, as the Commission previously accepted, ColumbiaGrid Public Utilities propose that a proponent of a merchant transmission project is also not required to submit cost estimates in as much detail as is available.¹²²

70. The Commission also directed ColumbiaGrid Public Utilities to remove the requirement that a merchant transmission developer must be a signatory to the Functional Agreement to submit comparable information requirements as an Enrolled Party.¹²³ In response, ColumbiaGrid Public Utilities revised their OATT provisions to clarify that any person, whether or not an Order 1000 Party, may request consideration of the impacts of a proposed Order 1000 Merchant Transmission Project.¹²⁴

71. In the Second Compliance Order, because the proposed payment provisions were only reflected in the Functional Agreement, the Commission directed ColumbiaGrid Public Utilities to include the proposed payment provisions in their respective OATTs and to submit the Functional Agreement.¹²⁵ In response (and as addressed throughout

¹²¹ Second Compliance Order, 148 FERC ¶ 61,212 at P 109.

¹²² *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 2.6; Amended Functional Agreement, Appendix A, § 2.6.

¹²³ Second Compliance Order, 148 FERC ¶ 61,212 at P 110.

¹²⁴ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 2.7; Amended Functional Agreement, Appendix A, § 2.6.

¹²⁵ Second Compliance Order, 148 FERC ¶ 61,212 at P 141.

this order), ColumbiaGrid Public Utilities submitted the Functional Agreement and have proposed revisions to reflect the payment provisions in their OATTs.¹²⁶

72. In the Second Compliance Order, the Commission directed ColumbiaGrid Public Utilities to revise their respective OATTs to remove two of the proposed information requirements to be provided as an alternative demonstration if a prospective transmission developer does not have an investment grade credit rating (i.e., the prospective transmission developer has existed for at least five years and has maintained positive working capital for the prior three years) because they unduly restrict newly-formed companies from proposing transmission projects in the regional transmission planning process, regardless of their financial ability to undertake a transmission project.¹²⁷ In response to the Commission's directive, ColumbiaGrid Public Utilities propose to revise their OATTs and the Amended Functional Agreement to remove these requirements.¹²⁸

73. While the Commission expressed its support for ColumbiaGrid Public Utilities' proposed provision allowing "other demonstration[s] of creditworthiness" as an alternative to an investment grade credit rating, the Commission directed ColumbiaGrid Public Utilities to clarify what other demonstration(s) of creditworthiness would be acceptable to ColumbiaGrid staff.¹²⁹ In response, ColumbiaGrid Public Utilities propose to revise their OATTs and Amended Functional Agreement to clarify that other acceptable demonstrations of creditworthiness include "a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to ColumbiaGrid."¹³⁰

74. In the Second Compliance Order, the Commission directed ColumbiaGrid Public Utilities to revise their OATTs to allow a previously qualified transmission developer that ColumbiaGrid staff determines no longer qualifies to be a transmission developer, owner, or operator to remedy the deficiencies that have caused it to no longer qualify.¹³¹ In

¹²⁶ *E.g.*, Avista Transmittal Letter at 10. Avista OATT, Attachment K, Part IV (8.0.0), § 17; Amended Functional Agreement § 3.

¹²⁷ Second Compliance Order, 148 FERC ¶ 61,212 at P 158.

¹²⁸ *E.g.*, Avista Transmittal Letter at 11.

¹²⁹ Second Compliance Order, 148 FERC ¶ 61,212 at P 159.

¹³⁰ *E.g.*, Avista, OATT, Attachment K, Part IV (8.0.0), § 2.5.iv; Amended Functional Agreement, Appendix A, § 2.5.iv.

¹³¹ Second Compliance Order, 148 FERC ¶ 61,212 at P 163.

response, ColumbiaGrid Public Utilities propose to revise their respective OATTs to state that any disqualified transmission developer, owner, or operator may attempt to cure its deficiencies by providing ColumbiaGrid additional information.¹³²

75. In the Second Compliance Order, the Commission directed ColumbiaGrid Public Utilities to remove from their OATTs the information requirements that would require a prospective transmission developer to provide information on upgrades or modifications to existing facilities that would be required (e.g., line reconductoring, transformer upgrades, substation expansions), as well as a description of any new remedial action schemes, or changes to existing remedial action schemes, that would be required by the proposed solution because the studies and analysis required to determine this information is overly burdensome.¹³³ In response, ColumbiaGrid Public Utilities have removed these information requirements from their OATTs.¹³⁴

76. In the Second Compliance Order, the Commission directed ColumbiaGrid Public Utilities to clarify that the deadline to submit the information required to propose a transmission solution for consideration by a study team is no later than 30 days after the issuance of the *final* system assessment report.¹³⁵ In response, ColumbiaGrid Public Utilities have revised their OATTs to clarify that information that is to be submitted, including any information to cure any deficiencies, must be submitted no later than 30 days after the issuance of the final system assessment report for the regional transmission plan then being developed.¹³⁶

77. In the Second Compliance Order, the Commission directed a further clarification with respect to how the costs of any necessary mitigation measures will be accounted for as part of the costs of a proposed regional transmission project.¹³⁷ In response, ColumbiaGrid Public Utilities propose to revise their OATTs to state that the capital

¹³² *E.g.*, Avista Transmittal Letter at 12; Avista, OATT, Attachment K, Part IV (8.0.0), § 2.5.iv.

¹³³ Second Compliance Order, 148 FERC ¶ 61,212 at P 170.

¹³⁴ *E.g.*, Avista Transmittal Letter at 9.

¹³⁵ Second Compliance Order, 148 FERC ¶ 61,212 at P 172.

¹³⁶ *E.g.*, Avista Transmittal Letter at 10. Avista, OATT, Attachment K, Part IV (8.0.0), § 2.6; Amended Functional Agreement, Appendix A, § 2.6.

¹³⁷ Second Compliance Order, 148 FERC ¶ 61,212 at P 184.

costs of transmission facilities within the Order No. 1000 ColumbiaGrid transmission planning region that are required to mitigate Material Adverse Impacts will be included in the projected capital costs of each Order 1000 Project.¹³⁸ Further, the revised OATTs provide that if the transmission facilities required to mitigate Material Adverse Impacts are outside of the Order No. 1000 ColumbiaGrid transmission planning region, the capital costs of such transmission facilities will only be included in the projected capital cost of an Order 1000 Project if all Beneficiaries of such Order 1000 Project agree, in writing, to bear such costs.¹³⁹

78. In the Second Compliance Order, the Commission directed ColumbiaGrid Public Utilities to clarify whether ColumbiaGrid staff and the ColumbiaGrid Board will use the same eight evaluation factors as the study team, or a different set of factors, in addition to considering stakeholder comments, when making the determination that a transmission project is a more efficient or cost-effective transmission solution.¹⁴⁰ In response, ColumbiaGrid Public Utilities propose revisions to their OATTs to clarify that ColumbiaGrid staff and the ColumbiaGrid Board will use the same evaluation factors as the study team, including the assessment of any Material Adverse Impact of a proposed transmission solution on any transmission system and the mitigation thereof, when determining or confirming, respectively, that a transmission project is a more efficient or cost-effective transmission solution.¹⁴¹

79. In the Second Compliance Order, the Commission directed ColumbiaGrid Public Utilities to revise their OATTs to provide a definite list of factors that would permit ColumbiaGrid staff to recommend removal of a previously selected transmission project.¹⁴² In response, ColumbiaGrid Public Utilities propose revisions to their OATTs to remove the phrase “for example” in the sentence introducing the list of factors that

¹³⁸ *E.g.*, Avista Transmittal Letter at 13. Avista, OATT, Attachment K, Part IV (8.0.0), § 6.1; Amended Functional Agreement, Appendix A, § 6.1.

¹³⁹ *Id.*

¹⁴⁰ Second Compliance Order, 148 FERC ¶ 61,212 at P 186.

¹⁴¹ *E.g.*, Avista Transmittal Letter at 13; Avista, OATT, Attachment K, Part IV (8.0.0), §§ 4.3, 5.3; Amended Functional Agreement, Appendix A, §§ 4.3, 5.3.

¹⁴² Second Compliance Order, 148 FERC ¶ 61,212 at P 194.

would cause the removal of a previously selected transmission project, such that it is no longer non-exhaustive.¹⁴³

80. In addition, the Commission directed ColumbiaGrid Public Utilities to remove from their OATTs factor four, i.e., either there is no identified transmission developer for the transmission project or one or more of the transmission developers no longer meets the qualification criteria, as unnecessary because in those instances, the transmission project simply becomes an unsponsored transmission project for which any other qualified transmission developer could request regional cost allocation.¹⁴⁴ In response to the directive, ColumbiaGrid Public Utilities propose to delete factor four, i.e., either there is no identified transmission developer for the transmission project or one or more of the transmission developers no longer meets the qualification criteria, from the list of circumstances under which ColumbiaGrid staff is to recommend removal of a previously selected transmission project from the regional transmission plan.¹⁴⁵

81. We find that ColumbiaGrid Public Utilities' proposed revisions, as described above, comply with the directives of the Second Compliance Order.

The Commission orders:

(A) ColumbiaGrid Public Utilities' respective compliance filings are hereby conditionally accepted, effective January 1, 2015, as requested.

(B) ColumbiaGrid Public Utilities are hereby directed to submit further compliance filings, within 30 days of the issuance of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁴³ Avista Transmittal Letter at 14, Avista, OATT, Attachment K, Part IV (8.0.0), § 3.3; Amended Functional Agreement, Appendix A § 3.3.

¹⁴⁴ Second Compliance Order, 148 FERC ¶ 61,212 at P 194.

¹⁴⁵ Avista Transmittal Letter at 14; Avista, OATT, Attachment K, Part IV (8.0.0), § 3.3; Amended Functional Agreement, Appendix A, § 3.3.