

2019 | THE ACADEMY
Legal & Regulatory
Conference



Value of Partnerships in Securing Compensation for Your Transmission

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Outline

- Partnership value
- Partnership acquisition
- Joint ownership
- Examples

Partnership Value



Transmission revenue recovery can be complicated, but you don't have to do it alone.

Flexibility in developing a partnership is key.

What are your greatest challenges and how can your partner address those while you still retain local control of key functions?

Partnership Acquisition of Existing Facilities



A Partnership Acquisition Is Not Simply A Sale

Example of allocation of responsibilities based on expertise

Municipal Utility

- Local control through retention of O&M functions, as desired
- “Boots on the ground”

Transmission-Owning Partner

- Capital investment
- Compliance with NERC, FERC, and any applicable RTO
- Formula rate development
- Transmission planning expertise
 - Local and regional planning
- Singular focus on transmission



What Can a Sale Look Like?

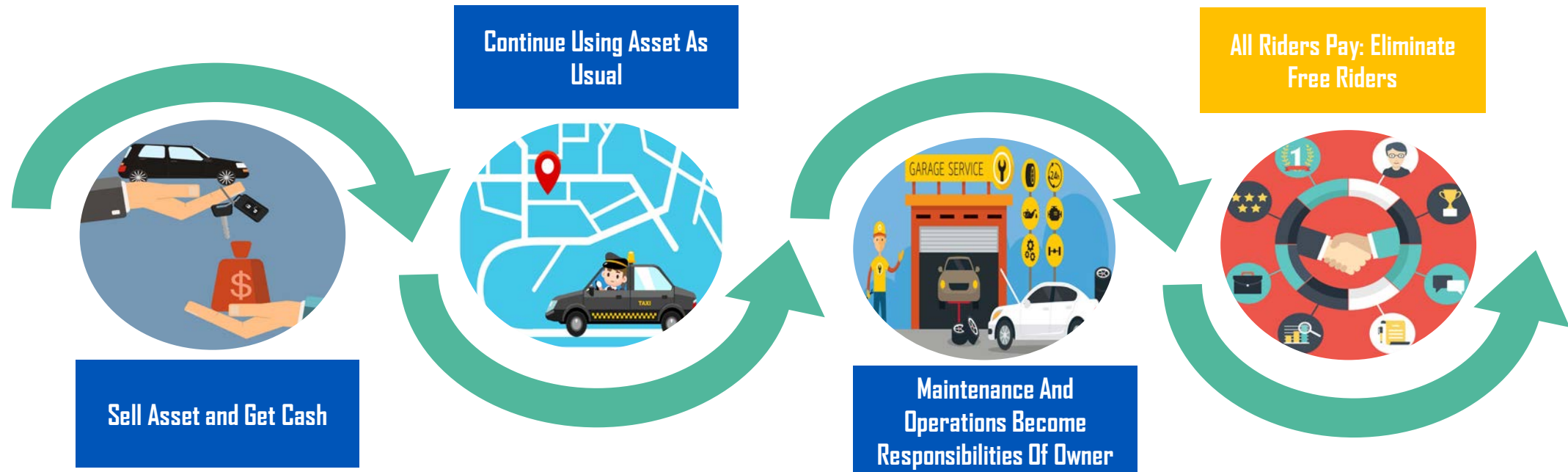
Understanding Rate Implications

- Different in RTOs vs. Non-RTOs
- Regionalized rates
- Reduce free-ridership

Capitalize the Asset

- Redeploy capital into other priorities
- Continue to use the transmission to serve your customers
- Keep your people employed

Like a Car Ride Share Program



Joint Ownership, Development, & Local Planning



- Same value as an acquisition
- Capitalize a portion of the transmission; retain a portion and the corresponding rate recovery through the applicable Tariff
- Joint development of future projects provides investment opportunity
 - Provides a hedge against rising transmission costs
- Local Planning Process (LPP)
 - Who is doing local and regional planning for facilities not under a regional tariff?
 - Municipal-owned transmission facilities are often invisible to the RTO
 - With a partner's LPP your system can be planned and coordinated with the regional tariff



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