

CSU Formula Rate Implementation Protocols

Section I. Annual Update

1. The Formula Rate Template of Colorado Springs Utilities (“CSU”) set forth in Attachment H, of the Southwest Power Pool (“SPP”) Open Access Transmission Tariff and these Formula Rate Implementation Protocols (“Protocols”) together comprise the filed rate (“Formula Rate”) of CSU for transmission service in the CSU zone of the SPP footprint. CSU must follow the instructions specified in the Formula Rate to calculate its Annual Transmission Revenue Requirements (“ATRR”) and the rates for Network Integration Transmission Service (“NITS”) and Point-to-Point Transmission Service in the CSU zone of the SPP footprint, as well as the ATRR for Base Plan Upgrades and other network upgrades. The initial ATRR and the initial rates will be in effect for a partial year from the effective date of CSU’s transfer of operational control of its transmission facilities to SPP until December 31, 2026.
2. The Formula Rate shall be applicable to service on and after January 1 of each calendar year through December 31 of the following calendar year (“Rate Year”), and subject to review as provided in these Protocols.
3. On or before September 1 of each calendar year, CSU shall:
 - a) Recalculate the ATRR and the rates for zonal NITS and zonal Point-to-Point Transmission Service for the new Rate Year in accordance with the Formula Rate (“Annual Update”); and
 - b) Provide its Annual Update to SPP and cause such information to be posted on SPP’s website and OASIS. Within ten (10) days of such posting, CSU shall provide notice of such posting to all parties on an SPP email exploder list. Interested Parties can contact SPP to subscribe to the SPP “exploder list.” For purposes of these Protocols, the term Interested Parties includes, but is not limited to customers under the SPP OATT, state utility regulatory commissions, consumer advocacy agencies, and state attorneys general.
4. If the date for posting the Annual Update falls on a weekend or a holiday recognized by the Federal Energy Regulatory Commission (“FERC”), then the posting shall be due on the next business day. The date on which any such posting occurs shall be that year’s “Publication Date”. Any delay in the Publication Date will result in an equivalent extension of time for the submission of Information Requests discussed in Section III of these Protocols.
5. CSU shall submit to FERC an Informational Filing as provided in Section VI of these Protocols.

6. The Annual Update for the Rate Year shall:
 - a. Include a workable data-populated Formula Rate Template and underlying workpapers in native format with all formulas and links intact;
 - b. Provide the Formula Rate calculations and all inputs thereto, as well as supporting documentation and workpapers for data that are used;
 - c. Provide sufficient information to enable Interested Parties to replicate the calculation;
 - d. Identify all material adjustments made to the Formula Rate data in determining formula inputs;
 - e. With respect to any change in accounting that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate (“Accounting Change”):
 - i. Identify any Accounting Changes, including:
 1. the initial implementation of an accounting standard or policy;
 2. the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
 3. correction of errors and prior period adjustments that impact the calculation;
 4. the implementation of new estimation methods or policies;
 - ii. Identify items included in the calculation at an amount other than on a historic cost basis (e.g., fair value adjustments);
 - iii. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs;
 - iv. Provide, for each item identified pursuant to items I.6.e.i - I.6.e.iii of these protocols, a narrative explanation of the individual impact of such changes on the calculation.

Section II. Review of Annual Update

1. CSU shall hold an open meeting among Interested Parties (“Annual Meeting”) no sooner than seven (7) days and no later than thirty (30) days from the Annual Update Publication Date. No less than seven (7) days prior to such Annual Meeting, CSU shall provide notice on SPP’s website and OASIS of the time, date, and location of the Annual Meeting and request SPP provide notice of such meeting to an SPP email exploder list. The Annual Meeting will be hosted by CSU in the forum of its choice which may include video conferencing, webinar, internet conferencing, phone conferencing, in person, or other similar options. CSU shall provide remote access for Interested Parties to participate in the meeting. The Annual Meeting shall (i) permit CSU to explain and

clarify its Annual Update and (ii) provide Interested Parties an opportunity to seek information and clarification from CSU about the Annual Update.

2. Each year CSU shall endeavor to coordinate with other Transmission Owners in SPP using formula rates to establish revenue requirements for recovery of the costs of transmission projects that utilize the same regional cost sharing mechanism and hold a joint informational meeting to enable all Interested Parties to understand how those transmission owners are implementing their formula rates for recovering the costs of such projects.

Section III. Information Exchange Procedures

1. Each Annual Update shall be subject to the following information exchange procedures (“Information Exchange Procedures”):
 - a. Interested Parties shall have until October 31 following the Publication Date (unless such period is extended with the written consent of CSU or by FERC order) to serve reasonable information and document requests on CSU (“Information Exchange Period”). If October 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. Such information and document requests shall be limited to what is necessary to determine:
 - i. the extent, effect or impact of an Accounting Change;
 - ii. whether the Annual Update fails to include data properly recorded in accordance with these protocols;
 - iii. the proper application of the Formula Rate and procedures in these protocols;
 - iv. the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual Update;
 - v. the prudence of actual costs and expenditures, including the prudence of CSU’s procurement methods and cost control methodologies;
 - vi. the effect of any change to the underlying FERC Uniform System of Accounts; or
 - vii. any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.

The information and document requests shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable.

2. CSU shall make a good faith effort to respond to information and document requests within seven (7) business days of receipt of such requests. Information requests received after 4 p.m. Central Prevailing Time shall be considered received the next business day.
3. CSU will cause to be posted on SPP's website, OASIS and CSU's website (csu.org) all information requests from Interested Parties and CSU's response(s) to such requests; except, however, if responses to information and document requests include material deemed by CSU to be confidential information, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by CSU and the requesting party.
4. CSU shall not claim that responses to information and document requests provided pursuant to these protocols are subject to any settlement privilege, in any subsequent FERC proceeding addressing CSU's Annual Update.
5. No later than December 20th of each year, CSU, upon final approval of CSU's local regulatory body, will provide SPP for posting on SPP's website and OASIS CSU's Annual Update for SPP to include in the Zonal ATRR and resulting rates to become effective January 1st of the following calendar year.

Section IV. Challenge Procedures

1. Interested Parties shall have until October 31 (unless such period is extended with the written consent of CSU or by FERC order) to review the inputs, supporting explanations, allocations and calculations and to notify CSU in writing, which may be made electronically, of any specific Informal Challenges to the Annual Update. The period of time from the Publication Dates until the date Informal Challenges are due shall be referred to as the Review Period. If the date for submitting Informal Challenges falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue an issue through an Informal Challenge shall not bar pursuit of that issue as part of a Formal Challenge with respect to the same Annual Update as long as the Interested Party has included at least one issue as part of an Informal Challenge with respect to that Annual Update. If the Interested Party has not included any issues as part of an Informal Challenge for an Annual Update, the Interested Party is barred from pursuing a Formal Challenge with respect to any issue for that Annual Update but is not barred from pursuing an issue or from lodging a Formal Challenge as to such issue as it relates to a subsequent Annual Update.

2. A party submitting an Informal Challenge to CSU must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, and provide an appropriate explanation and documents to support its challenge. CSU shall make a good faith effort to respond to any Informal Challenge within fifteen (15) business days of notification of such challenge. CSU, and where applicable, SPP, shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If CSU disagrees with such challenge, CSU will provide the Interested Party(ies) with an explanation supporting the inputs, supporting explanations, allocations, calculations, or other information following the Publication Dates.
3. Informal Challenges shall be subject to the resolution procedures and limitations in this Section IV. Formal Challenges shall be filed pursuant to these Protocols and shall satisfy the requirements set forth in section IV.4, IV.7, IV.8, and IV.9.
4. Informal Challenges shall be limited to all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual Update fails to include data properly recorded in accordance with these protocols; (3) the proper application of the Formula Rate and procedures in these protocols; (4) the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual Update; (5) the prudence of actual costs and expenditures; (6) the effect of any change to the underlying FERC Uniform System of Accounts; or (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula. Any Interested Party seeking to challenge the prudence of actual costs or expenditures shall first raise the matter with CSU in accordance with this Section IV before pursuing a Formal Challenge.
5. CSU will cause to be posted on SPP's website and OASIS all Informal Challenges from Interested Parties and CSU's response(s) to such Informal Challenges; except, however, if Informal Challenges or responses to Informal Challenges include material deemed by CSU to be confidential information, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by CSU and the requesting party.
6. Any changes or adjustments to the Annual Update resulting from the Information Exchange and Informal Challenge processes that are agreed to by CSU will be reported in the Informational Filing required pursuant to Section VI of these protocols and will be reflected in the Annual Update for the following Rate Year, as discussed in Section V of these Protocols.

7. Interested Parties shall have until March 31 (unless such date is extended with the written consent of CSU to continue efforts to resolve the Informal Challenge) to file any Formal Challenges to the Annual Update posted in the previous calendar year.
8. Formal Challenges shall be filed pursuant to these Protocols and shall satisfy all of the following requirements.
 - a. A Formal Challenge shall:
 - i. Clearly identify the action or inaction which is alleged to violate the filed rate formula or Protocols;
 - ii. Explain how the action or inaction violates the filed rate formula or Protocols;
 - iii. Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge, including:
 1. The extent or effect of an Accounting Change;
 2. Whether the Annual Update fails to include data properly recorded in accordance with these Protocols;
 3. The proper application of the Formula Rate and procedures in these Protocols;
 4. The accuracy of data and consistency with the Formula Rate of the charges shown in the Annual Update;
 5. The prudence of actual costs and expenditures.
 6. The effect of any change to the underlying FERC Uniform System of Accounts; or
 7. Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula
 - iv. Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;
 - v. State whether the issues presented are pending in an existing FERC proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
 - vi. State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
 - vii. Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and
 - viii. State whether the filing party utilized the Informal Challenge procedures described in these Protocols with regard to any issue.

b. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on CSU. Service to CSU must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with 18 C.F.R. § 385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on CSU's Informational Filing required under Section VI of these Protocols.

9. All Formal Challenges shall be served on CSU on the date of such filing as specified in Section IV.8.b above. A Formal Challenge shall be filed in the same docket as CSU's Informational Filing discussed in Section VI of these protocols. CSU shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit any Informal Challenge during the applicable Review Period.
10. In any proceeding initiated by FERC concerning the Annual Update or in response to a Formal Challenge, CSU shall bear the burden, consistent with section 205 of the Federal Power Act, of proving that it has correctly applied the terms of the Formula Rate consistent with these protocols, and that it followed the applicable requirements and procedures in these Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.
11. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of CSU to request SPP to file unilaterally, pursuant to Federal Power Act section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not limited to, rate of return and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any other party to request such changes pursuant to section 206 of the Federal Power Act and the regulations thereunder.
12. No party shall seek to modify the Formula Rate under the Challenge Procedures set forth in these Protocols, and the Annual Update shall not be subject to challenge by anyone for the purpose of modifying the Formula Rate. Any modifications to the Formula Rate will require, as applicable, a Federal Power Act section 205 or section 206 filing.
13. Any Interested Party seeking changes to the application of the Formula Rate due to a change in the FERC Uniform System of Accounts, shall first raise the matter with CSU in accordance with this Section IV before pursuing a Formal Challenge.

14. The implementation of any changes or adjustments resulting from any Formal Challenge made with FERC will be subject to: (1) approval by CSU's Board of Directors; and (2) SPP Tariff Section 39.1. Further, nothing herein is intended to alter, and does not supersede, sections 3.10, 3.11, and 3.12 of the Southwest Power Pool Membership Agreement.

Section V. Changes to Annual Update

1. Except as provided in Section IV.6 of these Protocols, any changes to the data inputs, including but not limited to changes as the result of any FERC proceeding to consider the Annual Update, or as a result of the procedures set forth herein, shall be incorporated into the Formula Rate and the charges produced by the Formula Rate in the Annual Update for the next Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments. Interest on any refund or surcharge, if applicable, shall be calculated in accordance with the 18 C.F.R. § 35.19a
2. In the event that CSU is required by applicable law to correct an error, CSU shall correct such error in good faith and without regard to whether the correction increases or decreases CSU's revenue requirements, in a manner consistent with FERC's regulations. Nothing in these Protocols should or may be construed as preventing Interested Parties or the FERC from protesting such correction as inappropriate

Section VI. Informational Filings

1. By January 15 of each year, CSU shall submit to FERC an informational filing ("Informational Filing") of its Annual Update for the Rate Year. This Informational Filing must include the information that is reasonably necessary to determine: (1) that input data under the Formula Rate are properly recorded in any underlying workpapers; (2) that CSU has properly applied the Formula Rate and these procedures; (3) the accuracy of data and the consistency with the Formula Rate of the ATRR and rates under review; and (4) the extent of accounting changes that affect Formula Rate inputs. The Informational Filing must also describe any corrections or adjustments made during that period and must describe all aspects of the Formula Rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures. Within five (5) days of such Informational Filing, CSU shall request SPP provide notice of the Informational Filing via an SPP email exploder list and by posting the docket number assigned to CSU's Informational Filing on SPP's website and OASIS.
2. Any challenges to the implementation of the Attachment H - CSU Formula Rate must be made through the Challenge Procedures described in Section IV of these Protocols and not in response to the Informational Filing.