POLICY: Transmission Asset Ownership

Policy Responsibility:	General Manager	**Policy Number:**	F 1800
Administered By:	CFO		

F 1800 – Transmission Asset Ownership

1.0 PURPOSE

The purpose of this policy is to establish guidelines for determining when a transmission project related to the TMPA transmission system (System) may be owned by a Member City rather than by TMPA.

2.0 SCOPE

This policy applies to Transmission Projects which rebuild or refurbish existing TMPA transmission assets, which will build in an existing TMPA right-of-way, or connect to an existing TMPA transmission asset. The scope is not intended to extend to new facilities being built by Member Cities outside a TMPA right-of-way.

3.0 POLICY

3.1 All ownership allocations of Transmission Projects must comply with TMPA Bond Covenants. Bond Covenants, relevant to this policy, may be summarized as follows:

3.1.1 TMPA may not sell or otherwise dispose of assets financed in whole or in part by TMPA bonds and other obligations. However, as facilities or equipment become obsolete or in need of an upgrade, the old assets may be removed from service and retired, and TMPA does not have to be the entity replacing the assets (Replacement Projects).

3.1.2 Non-TMPA ownership of a Transmission Project must not impair or impede the proper operation of the System. TMPA relies on the Transmission Engineering Working Group (TEWG), which has technical representation from each Member City, to identify if there are operational, maintenance, or compliance issues with Non-TMPA ownership of a Transmission Project.

3.1.3 The Non-TMPA ownership of a Transmission Project must not impair or impede the rights of the bond holders with respect to the Net Revenues as defined by the Bond Resolutions.

New transmission assets (Additions), such as new transmission lines, new substations, new line bays in a substation, new control houses, new autotransformers, which are not financed by TMPA debt in whole or in part are not subject to TMPA Bond Covenants. Additions within the scope of this policy are subject to TMPA Board approval.

The Power Sales Contract, in Section 4(a)(5), and in Section 3 of Schedule "B", allows TMPA to perform special services, upon request, for an individual Member City, and authorizes TMPA to receive from the Member City reimbursement of TMPA's costs in providing the special services. Such services may include Transmission Projects which may be interim financed with TMPA debt, so long as the Member City fully reimburses TMPA for the project prior to TMPA capitalizing the project, and those proceeds are sufficient to and used to pay off the interim financing. In such case, the Transmission Project will not be considered a TMPA debt financed Addition and may be a Member City transmission asset.

3.2 To the extent practical, TMPA should attempt to avoid mixing equipment ownership in the same right-of-way to avoid confusion as to which entity is responsible for operations, maintenance, and compliance. To that end, the following guidelines apply.

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3.2.1 A TMPA line that is to be reconductored only will remain a TMPA asset.

3.2.2 A TMPA line that is essentially rebuilt (i.e. wires and poles replaced) may be considered a Replacement Project and be eligible for Member City ownership.

3.2.3 Land and easements will not be considered in evaluating mixed assets. It is acceptable for Member City equipment to be on TMPA land or easements, subject to review of the TMPA easement wording. TMPA's consent to the use of its land and easements should, in each case, be reflected in an interconnection agreement, license agreement, lease, or other form of agreement.

3.2.4 Mixed asset ownership in substations is common. Ownership of substations will depend on the extent of new equipment being installed. If there is a substantial replacement or addition of equipment, the station may be considered rebuilt, and the associated Member City may own the Replacement Project.

3.3 Asset ownership, operation, maintenance, and compliance responsibilities will be documented in interconnection agreements between TMPA and the entities owning the Transmission Projects. Assets rebuilt under criteria 3.2.2 and 3.2.4 will be presumed eligible for Member Cities to acquire operations, maintenance and compliance responsibilities of the transmission assets.

4.0 PROCEDURE

4.1 All Transmission Projects within the scope of this policy should be brought forward through the TEWG. The TEWG will consider a project's eligibility for Non-TMPA ownership focusing on policy sections 3.1.1, 3.1.2 and 3.2. Projects deemed ineligible will be considered for addition to the TMPA Transmission Capital Plan and taken through the TMPA capital project proposal process with a presumption of TMPA ownership.

4.2 Projects recommended as eligible for non-TMPA ownership by the vote of the TEWG will be passed to the Financial Working Group (FWG), which will model the impacts of non-TMPA ownership on the Transmission Capital Plan, to determine if non-TMPA ownership of a project or group of projects complies with policy section 3.1.3. If compliant, the FWG will assess Member City interest in owning the project. If no Member Cities are interested, the project will default to TMPA ownership. If multiple Member Cities are interested, the FWG will attempt to come to an agreement. If no agreement is reached, the positions will be documented and passed to the Planning and Operating Committee ("P&O") for consideration. The FWG will make a recommendation to the P&O regarding project ownership. The P&O will either endorse, modify or reject the recommendation. If agreement regarding project ownership cannot be reached at the FWG and P&O level, the question of project ownership will be decided by the Board of Directors.

4.3 Bond Counsel has recommended that certain TMPA Board findings be made in connection with non-TMPA ownership of a Replacement Project. Therefore, all non-TMPA owned Replacement Projects within the scope of this policy should be approved by the TMPA Board.

5.0 AUTHORIZATION

The CFO is responsible for maintaining this policy.

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The General Manager must approve changes to this Policy.

Bob Kahn
General Manager

9/28/2015
Effective Date