

	Business Practice	Function:	External Affairs
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1 PURPOSE

The purpose of this document is to define responsibilities for cost allocations associated with equipment affected by ATC voltage conversions.

2 SCOPE AND APPLICABILITY

ATC will, on occasion, improve the capability of its network by increasing the operating voltage of a transmission line. As a result, the distribution transformers and related or connected systems or facilities of other entities including distribution companies, other transmission companies, and directly connected retail customers may require replacement.

3 ROLES AND RESPONSIBILITIES

Customer Relations Regional Manager

- As determined by the Project Team, fully inform all customers on planned voltage conversions and anticipated voltage conversions as far in advance as possible.
- Communicate to customers the need to consider dual winding replacement transformers where applicable to anticipate a voltage conversion in a specific area and where the LDC is considering or requiring a transformer replacement in advance of the voltage conversion.

ATC Project Manager

- As determined by the Project Team, fully inform all customers on planned voltage conversions and anticipated voltage conversions as far in advance as possible.
- Communicate to customers the need to consider dual winding replacement transformers where applicable to anticipate a voltage conversion in a specific area and where the LDC is considering or requiring a transformer replacement in advance of the voltage conversion.

ATC Regional Zone Planner

- Identifies need for voltage conversion through analysis of existing and future system conditions and discussions with Project Team.
- Communicate with Project Team and with affected LDC during solution development process to ensure all appropriate feedback is incorporated into the solution.

Interconnected Entity Project Manager, Planner or Representative

- Engages with ATC planning to ensure the customer facilities are modified and/or changed in accordance with the proposed voltage conversion parameters.
- Communicate to the end customer of all necessary changes required of their facilities to coordinate with the voltage conversion parameters outlined by ATC.

4 BACKGROUND AND RATIONALE

For a voltage conversion affecting interconnected step-down or step-up transformers, if the same company owns both sets of facilities the transmission improvements will be booked to transmission accounts and the distribution or generation improvements will be booked to distribution or generation accounts.

In the case of ATC as a transmission –only utility, the appropriate dividing line between these functions and the associated cost treatment for rate purposes has already been established by state regulators and accepted by FERC. This Business Practice reflects applicable regulatory requirements and recognizes that each entity is allowed to earn a return on its respective investment in facilities. This Business Practice also helps minimize ultimate project costs since due to ATC's corporate structure, significant additional tax costs could be incurred if ATC were to reimburse parties for all costs incurred in replacing, constructing or reconfiguring elements of their systems and such reimbursement was considered as taxable income to the recipient. The tax costs will not contribute to the overall value of the reconfigured system, but will merely increase the tax liability of the party receiving payment from ATC. This Business Practice maintains the transmission cost boundary in ATC's area that has been accepted by customers, regulators, and other regional entities while recognizing that the underlying purpose of voltage conversion is to meet the increasing needs of ATC transmission customers, who themselves are experiencing load growth.

5 COST ALLOCATION

Consistent with applicable agreements, state and federal laws and regulations, and consistent with distinctions segregating transmission-related costs from distribution-related costs in traditional rate-making methods, ATC will incur the costs associated with its transmission facilities when a voltage conversion project is identified as the Best Value solutions to a transmission system need. ATC intends to continue to maintain the appropriate distinction between transmission and distribution asset ownership when transmission-operating voltage is increased on the transmission system.

5.1 MODIFICATION OR REPLACEMENT OF DISTRIBUTION (OR GENERATOR) TRANSFORMERS DUE TO VOLTAGE CONVERSION

Consequently, costs associated with modification or replacement of the distribution transformers and related systems or facilities of other entities incurred as a result of ATC's voltage conversion needs shall be borne by such other entity. Therefore the affected entities continue to be responsible for all necessary upgrades at affected substations, or other facilities, at the first point of disconnect on transmission side of transmission to distribution/generation voltage transformers. Costs including but not limited to removal and replacement of the existing affected transformer(s) or other facilities will be the sole responsibility of the affected party. Any tax implications associated with the voltage conversion facility impacts will be the responsibility of the affected party

5.2 LDC NOTIFICATION

ATC will continually strive to fully inform all customers on planned voltage conversions and anticipated voltage conversion as far in advance as possible. ATC will also communicate to customers the need to consider dual winding replacements transformers where applicable to anticipate a voltage conversion in the specific area and where the LDC is considering or requiring a transformer replacement in the advance of the planned voltage conversion. Consistent with this Business Practice, ATC will not cover expenses associated with the purchase of dual winding transformers by Interconnected Entities.

6 DOCUMENT REVIEW

This business practice will be reviewed and revised as necessary no less than every three years.

7 RECORDS RETENTION

Documents are maintained per the Records Retention Schedule.

Records Management Index System (RMIS)

Records Management Policy #2002-2 Revision Information

8 REVISION INFORMATION

Revision	Role	Name and/or Title	Summary of Changes	Last Revised
00	Author(s)	Rick Czajka	New document	05-01-2002
01	Author(s)	Rick Czajka	Update to new business practice template Addition of customer notification for dual voltage primary transformer	12-18-2017
02	Author(s)	Trevor Stiles	New logo	11-29-2023

Revision Approval

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